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Soviet Spy Puzzle: Who Was 'Orlov'?

Reporting Death of U.S. Defector,
Russians Call Him Longtime Agent

By Michael Dobbs

Washington Post Service

MOSCOW — The KGB, the Soviet security and intelligence service, has hailed a defector from the United States who died last week as a longtime Soviet agent who had made a "major contribution" to the security of the Soviet Union.

A carefully phrased obituary provided several new twists to the story of Glenn Souther, who surfaced in the Soviet Union last July after disappearing from the United States in May 1986.

But, in keeping with the dark world of espionage, the obituary

description in the obituary "doesn't fit with anything we know," the source said. Mr. Souther, he went on, "was a flake, a walking security violation," rather than a highly trained KGB officer.

He said the Soviet description "may be the KGB tweaking its CIA's nose." "We didn't pay that much attention to him," he added. "It seemed like just a run-of-the-mill case at the time."

Interviewed on Soviet television nearly a year ago, Mr. Souther said that he was born in Hammond, Indiana, on Jan. 30, 1957, and that his mother was still living in the United States.

The interview was conducted in English although the program included a brief clip of Mr. Souther speaking reasonably — but certainly not perfectly — Russian.

A possible explanation is that Mr. Souther, who served in the U.S. Navy from 1975 to 1982 and then studied Russian at Old Dominion University in Virginia, was recruited by the KGB.

According to this version, he presumably changed his name to Orlov after arriving in the Soviet Union.

The KGB has begun a public relations campaign to show its devotion to the "glorious" or "openness" policies of Mikhail S. Gorbachev, the Soviet leader. It has also been eager to emphasize its foreign intelligence-gathering function, which parallels that of the Central Intelligence Agency, rather than the more sinister domestic role of political repression.

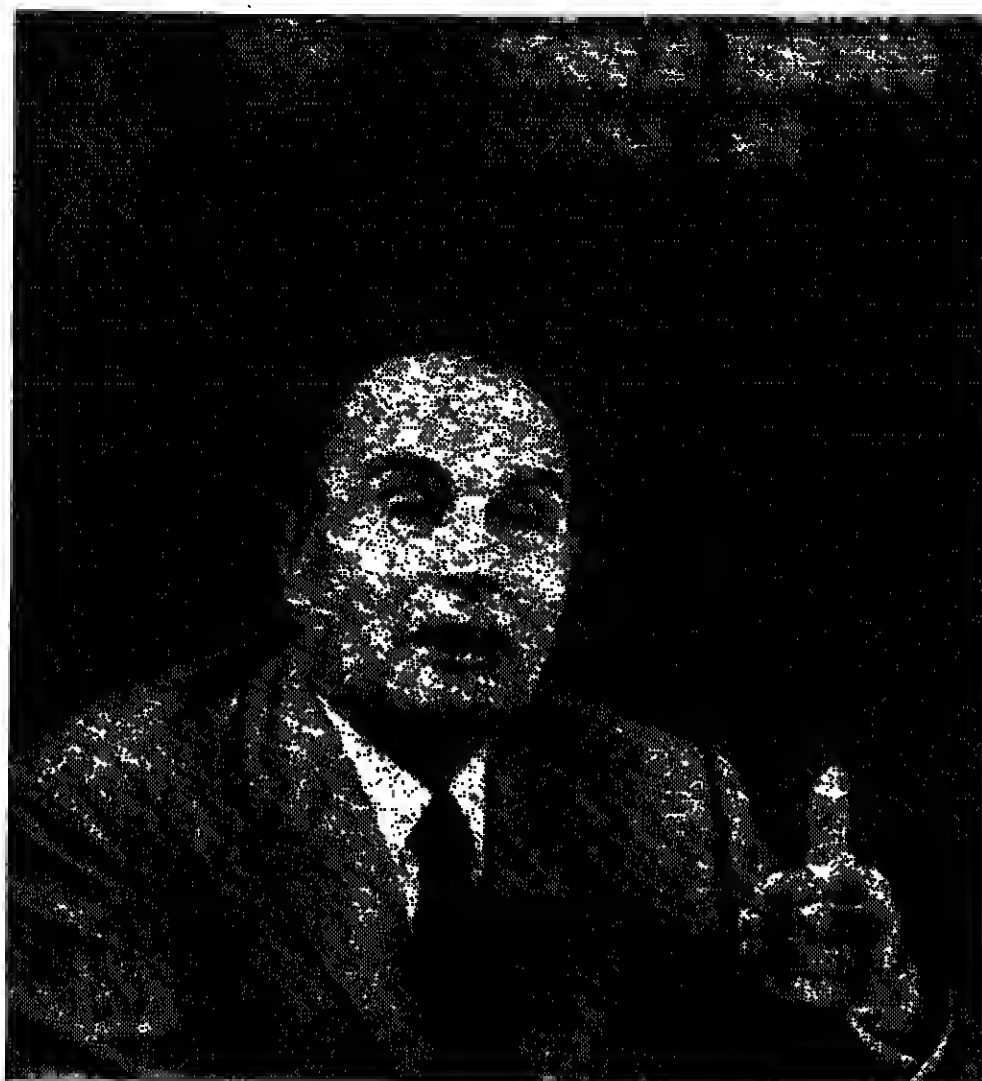
The obituary, which appeared in the Soviet armed forces newspaper Krasnaya Zvezda, could be a subtle attempt to combine glasnost with disinformation. Its effect may be to raise new doubts in the United States about the intelligence damage caused by Souther-Orlov, while directing the attention of the Soviet public to a KGB triumph abroad.

"M.Ye. Orlov had a short but full and brilliant life, totally devoted to the struggle for removing the threat of nuclear war hanging over mankind and for a better life for ordinary people," the obituary said. "Over a long period, he carried out responsible special missions and made a major contribution to ensuring the state security of the Soviet Union."

The obituary was signed by the KGB leaders.

An article in the government newspaper Izvestia said that Mr. Souther had worked as

See SPY, Page 3



The French president, François Mitterrand, gestures at a conference at the end of the EC summit.

EC Leaders Endorse Step On Monetary Union but Split on Pace and Goals

By Reginald Dale

International Herald Tribune

MADRID — The 12 European Community countries on Tuesday launched themselves down the path toward economic and monetary union but failed to reconcile deep divisions over their final destination and how rapidly to approach it.

A compromise endorsed by all 12 EC leaders at the end of their Madrid summit called for the first stage of the move to union to start on July 1, 1990, and for the preparation of an intergovernmental conference "to lay down the subsequent stages."

François Mitterrand, the French president, told the summit that, despite British objections, he would set a date for the conference in the second half of next year. It will take place in 1990 or 1991, he told a press conference. France will hold the EC presidency later this year.

[The 12 EC leaders also called for the Palestine Liberation Organization to participate in the Middle East peace process — not just to be "associated" with it, Reuters reported from Madrid.]

European officials said that in agreeing to the compromise, Prime Minister Margaret Thatcher of

Britain allowed herself to be drawn further than ever before in the direction of the centrally controlled community that she so strongly opposes.

Mrs. Thatcher said she had accepted the Madrid compromise because it meant there was "absolute-ly nothing automatic" about going beyond the first stage and it would be possible to introduce alternative proposals for the later stages.

There is no need for a single currency, she said. She added that governments should not permanently abandon control over their exchange rates.

But Jacques Delors, president of the European Commission, said he believed the move to union in Madrid to be "irreversible."

Mrs. Thatcher claimed to have ensured that the community would not "go pell-mell into something called economic and monetary union."

The agreement also fell far short of the demands of Mr. Mitterrand, the strongest advocate of rapid progress towards complete union.

Mr. Mitterrand had wanted the 12 leaders to commit themselves in Madrid to a three-stage move to union, involving a common central bank and a single currency, and to set a Dec. 31, 1992, deadline for deciding how it would work.

Instead, European officials said that while the 12 leaders had effectively cleared the immediate way ahead for the community, they had done little to narrow the fundamental political differences between Britain and its European partners over the kind of Europe they want to construct.

Helmut Kohl, the West German chancellor, described the agreement as "a small but important step in the right direction."

The task immediately ahead for the community is to define the details of the first stage, which is to involve increased economic and monetary coordination under the community's existing rules, in time for its introduction by July 1 of next year, when most capital movements in the community are to be freed.

At some point during the first stage, all the EC currencies would See EC, Page 13

Bush to Seek Amendment to Bar Burning of American Flag

By David Hoffman

Washington Post Service

WASHINGTON — President George Bush called Tuesday for a constitutional amendment to prohibit desecration of the American flag following the Supreme Court ruling last week that flag-burning is a protected exercise of free speech.

"Flag-burning is wrong," Mr. Bush said at a White House news conference. "Protection of the flag, a unique national symbol, will in no way limit the opportunity nor the breath of protest available in the exercise of free speech rights."

Mr. Bush made potent political issues of the flag and the Pledge of Allegiance during his 1988 presidential campaign against Governor Michael S. Dukakis of Massachusetts.

Bush reports his first five months were full of satisfactions. Page 3.

sets. He joins a growing list of political figures who have denounced the court's decision as an affront to the symbol of patriotism.

The day after the Supreme Court's 5-to-4 decision, proposed constitutional amendments were

introduced in both houses of Congress.

An amendment must be approved by a two-thirds vote in both the House of Representatives and the Senate, and ratified by three-quarters of the 50 state legislatures, or 38 states. Such legislation, once enacted by Congress, would still be subject to constitutional challenge, and the court could again strike it down as violating the principles it cited in its ruling last week.

The process is an arduous one. In the U.S. Constitution's 200-year history, thousands of amendments

have been proposed but only 26 have been ratified.

Mr. Bush said that he respected the Supreme Court. But he added, "Protest should not extend to desecration of the unique symbol of America, and that is our flag."

He said he had decided to seek a constitutional amendment rather than legislation because he had been told that legislation could not correct "the, in my view, egregious offense of burning American flags."

Mr. Bush added that it was important to protect free speech, but

that protecting the flag would in "no way limit" rights under the First Amendment of the U.S. Constitution.

Across the United States, the Supreme Court decision has drawn emotional reactions. In Sacramento, the California state assembly voted, 58 to 2, to ask Congress to amend the Constitution to outlaw flag burning.

In Illinois, the state Senate unanimously approved a bill that would make it a felony to intentionally place the flag on a floor. Offenders could receive up to six years in

prison. The measure goes to Governor James R. Thompson.

The bill was one of several proposed in response to an exhibit at the Art Institute of Chicago that featured a flag on the gallery floor.

The Illinois Senate also approved a resolution that calls for Congress to take measures to protect the flag from desecration.

But the House speaker, Thomas S. Foley, expressed caution Tuesday. "I do not feel we should rush into an amendment to the First See FLAG, Page 2

Defiant Soviet Legislature Blocks Appointees

By Bill Keller

New York Times Service

MOSCOW — The new Soviet legislature won its first major skirmish in the battle for control of the government Tuesday when it blocked the appointment of eight top officials approved by the Communist Party.

Prime Minister Nikolai I. Ryzhkov told the deputies that he was dropping his nomination of six ministers, including those in charge of culture, the state bank, the state price-setting committee and the petroleum industry, after the nominees were rejected by committees of the quasi-democratic legislature for being too closely identified with past policies.

Two others, most notably a protégé of President Mikhail S. Gorbachev who had

been named to oversee the all-important business of food production, withdrew their own candidacies in the face of likely defeat.

"We have to get used to this," Mr. Ryzhkov said in an interview after he conceded defeat during a session of the 542-member legislature, called the Supreme Soviet.

Although the rest of Mr. Ryzhkov's nominees to the 71-member Council of Ministers — the leadership of the executive branch of government — survived committee hearings, several are expected to face further challenges before the legislature gives its final approval to the new government.

Mr. Ryzhkov's appointments would almost certainly have had the blessing of the

Communist Party Politburo and of Mr. Gorbachev, the party leader.

"Had they been incompetent, poor managers, I would not have proposed them for these positions," Mr. Ryzhkov said. Although he might have used the Communist Party's guaranteed majority to force the names through the legislature, the prime minister said he "could not find any serious evidence" to refute the criticism of the legislators.

"These people do not meet the growing demands of the people's deputies," he said. Mr. Ryzhkov said he hoped to come up with new candidates acceptable to the legislators by July.

The prime minister's placid acceptance of See MOSCOW, Page 3

Germans Accused In Iran Toxins Deal

By Michael R. Gordon
and Stephen Engelberg

New York Times Service

WASHINGTON — A West German chemical company has arranged the sale to Iran of several hundred tons of chemicals used in making poison gas, American and West German officials say.

The discovery of the deal, six months after U.S. officials said that West German companies were helping Libya build a chemical weapons factory, prompted a diplomatic effort by the Bush administration to head off the deliveries.

U.S. concern about the deal was conveyed by Secretary of State James A. Baker 3d when he met with Foreign Minister Hans-Dietrich Genscher of West Germany in Washington on June 21, American and West German officials said.

In a message to the Bonn government Saturday, the United States provided details identifying a West German company based in Düsseldorf as the "broker," administration officials said.

In the letter, the United States also asked for the expulsion of Said Karim Ali Sobhani, an Iranian diplomat in Bonn who, the officials said, had coordinated the covert purchase by Iran of chemical weapons supplies.

West German officials said that they had asked Tehran to withdraw Mr. Sobhani.

[The West German Foreign Ministry said that the Iranian diplomat allegedly linked to the suspected chemicals deal had already left the country. The Associated Press reported from Frankfurt.]

U.S. officials said that the manufacturer of the chemicals to be sold to Iran was situated in India. They declined to identify the West German company involved in the case. American and West German officials said that the bulk of the order had not yet been delivered.

The American officials said the case was significant as a test of West Germany's new commitment to deter its companies from selling technology for producing chemical, biological and nuclear weapons to Third World countries.

The U.S. Congress is considering legislation to impose sanctions on participants in the chemical weapons trade, and administration officials predicted that West Germany's handling of this sale would be closely watched on Capitol Hill.

West German officials said they would take effective action.

"The moment we received the detailed information from the See CHEMICALS, Page 2

Kiosk

Khomeini Son Is Offered Seat

CAIRO (WP) — A majority of the deputies of the Iranian parliament this week requested the son of the late Ayatollah Ruhollah Khomeini to take a seat among them in a move that was seen by some observers as an attempt to avert a political clash in the July 28 presidential elections. Syed Ahmad Khomeini, 44, has made no public reply to the invitation.



An appellate court has reversed the conviction of Lyn Nofziger, a former White House aide. Page 3.

Crossword

Page 5.

To Our Readers

The Paris and Marseille editions of the Herald Tribune did not appear on Tuesday because of a labor dispute involving the French press. We regret the inconvenience.

Down	Close	The Dollar in New York
		DM 1.958
		Pound 1.568
Up		Yen 141.80
14.89		FF 8.6335

Afghan Army Gains by New Tactics and Old Arms

By David B. Ottaway

Washington Post Service

WASHINGTON — Afghan government troops and Soviet advisers, using an unusual combination of 1960s weapons — Scud surface-to-surface missiles and

propeller-driven Antonov cargo planes — have gained a battlefield edge over the mujahidin and their more modern prime weapon: U.S.-made Stinger anti-aircraft missiles.

Afghan troops have fired more than 300 Soviet-supplied Scuds at mujahidin forces besieging Jalalabad and other cities.

The missiles, with warheads carrying

almost 1,700 pounds (770 kilograms) of explosives, have demoralized the guerrillas. Western analysts say, at a time when the U.S.-backed Muslim insurgency seemed close to victory after 10 years of war.

Meanwhile, guerrilla commanders say the Afghan Air Force is flying Soviet-made four-engine Antonov-12 transports converted into bombers and dropping bombs from well above the altitude limit of the Stinger, which is three miles, or nearly five kilometers.

Some administration officials say the unexpected Soviet-Afghan

tactics have had a damaging military and psychological impact on the Afghan mujahidin.

But in the Pentagon, some analysts believe that it is political disarray in the guerrilla ranks and the inability of its many commanders to "get their act together" that explain the battlefield stalemate.

"The worst problem has been themselves," said a Pentagon official, declaring that the war "is theirs to win or theirs to lose."

The latest Soviet-Afghan tactics are devised to take advantage of the shifting nature of the conflict from

a fast-moving guerrilla war to more conventional, stationary warfare.

The Soviet-Afghan innovations have helped give the army an advantage, much as the advanced Stinger missile did for the guerrillas after it was introduced in 1986.

The new tactics have required U.S. and Pakistani military experts to search for new ways to help the guerrillas. In part, the challenge stems from the need of the guerrillas to adapt to tactics of conventional warfare against the well-supplied Afghan Army.

Prior to the final stage of the Soviet military withdrawal from

Afghanistan, in February, the Stinger missiles took a heavy toll of low-flying Soviet and Afghan helicopters, bombers and attack jets.

A U.S. Army study estimates that Stingers downed 269 aircraft, and that specially trained Afghan gunners had a shoot-hit ratio of 79 percent, an extraordinarily good performance by any standard.

But the Stingers are of no use against the Antonovs when they are high over the target areas.

The Afghan Army "can now engage in high-altitude bombings and See AFGHAN, Page 2

Bavarian Rightist's 'Yes, But' Slogans Bespeak Deep Taboos

By Serge Schmemmann

New York Times Service

MUNICH — Franz Schönhuber, the man most responsible for the heavy turbulence in West German politics this year, is not one to sidestep the limelight.

"Every political party starts with one person," he said by way of explaining why he stares down from most of the campaign posters of his far-right Republican Party, why stacks of his books stand around party headquarters, why 15 percent of Munich's voters voted for him in this month's European Parliament elections.

"For 40 years, Germans have been afraid to say frankly what they think," he said. "So when someone starts saying what they all think, it gives people a freedom. Young people feel free. Here's a man who's honest, they say. Here's a politician who says yes and no. I believe this is one of the main reasons for our success."

Mr. Schönhuber had just concluded a news conference at the 100-year-old Löwenbräu beer hall, where he holds most of his meetings now that his party has outgrown the small nearby apartment that serves as its headquarters.

Seated under party posters, Mr. Schönhuber, 66, had spent an hour blasting critics and outlining plans to set up headquarters in Bonn now that his party has confirmed its national strength. "No power on earth will remove us from the German political arena," he said.

Under the West German system, the party's 7.1 percent of the popular vote will bring it about 16 million marks (\$8 million) in federal funds, a heady sum for a party that only recently subsisted on the pennings of a few thousand followers.

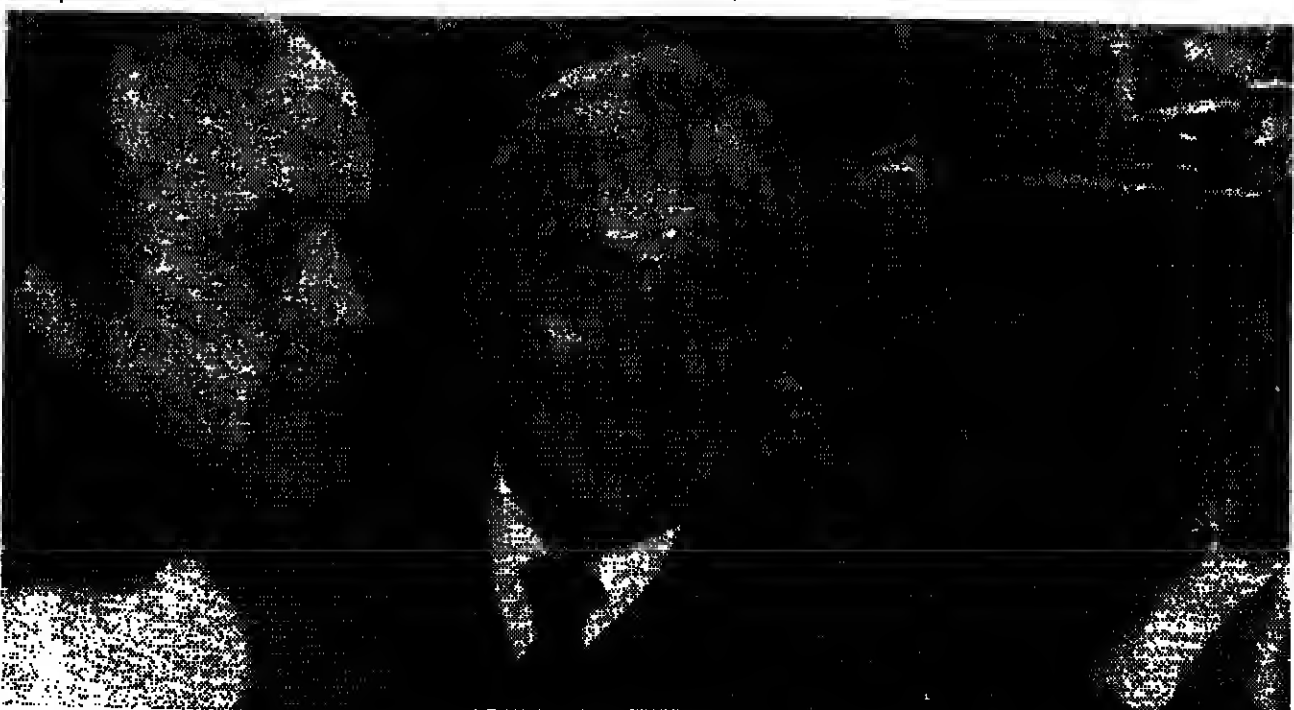
Mr. Schönhuber is not electrifying at the podium. He is more the talk-show host he once was, mixing wisecracks with sound-bite slogans. He has an ample belly over low-slung trousers. His followers prefer to liken him to that other Bavarian butcher's son, Franz-Josef Strauss, the autocratic and adulated man who ruled Bavaria with an iron fist until his death last October.

Nobody is sure yet whether Mr. Schönhuber is a more conservative Strauss, a dangerous new eruption of rightist extremism masquerading behind sanitized slogans — or is just an ambitious opportunist exploiting popular sentiment to get back at a political machine that spurned him.

A decorated front-line soldier, then successively an actor, journalist, Bavarian talk-show host and political envoy to Mr. Strauss, Mr. Schönhuber fell from political grace after writing a best-selling defense of his days as a volunteer in Hitler's Waffen SS. "I Was There."

His effective basic formula is a skilful use of "yes — but" slogans. He will ardently deny being neo-Nazi, anti-foreigner, anti-Semitic, anti-Europe — and then append the "but" that somehow

See BAVARIAN, Page 2



Franz Schönhuber, the confident leader of West Germany's Republican Party, working a beer hall during a rally earlier this year.

EC, Assailing Beijing, Moves to Block Loans And Sales of Weaponry

By Barry James

European Community leaders on Tuesday assailed "brutal repression" in China and adopted economic and political sanctions that included a squeeze on credit and an embargo on arms sales.

Their condemnation followed a decision by the World Bank to postpone more than \$780 million in loans to China that were to have been considered this month. That action responded to a call by the U.S. administration last week for a halt to new lending.

The EC, the United States and Japan appeared to be moving toward a collective credit squeeze on China, which owes about \$35 billion abroad.

The heads of state and government, meeting at the EC conference in Madrid, concurred with President George Bush and other international leaders on the need to maintain links with the Chinese leadership.

China Tells 2 Americans To Leave

By Richard Bernstein

New York Times Service

BEIJING — In a continuing sign of diplomatic tension, two Americans were ordered to leave China presumably because of their activities during the recent protest demonstrations in the country, a U.S. official said here Tuesday.

Meanwhile, the Chinese official announced that 24 persons died Monday night when dynamite exploded on a moving passenger train near Shanghai.

While the explosion seemed to be an act of sabotage, it was unclear whether it was related to the protest movement or to the sweeping repression that has followed it.

The Shanghai explosion recalled an incident three weeks ago when a train in Shanghai plowed into demonstrators who were blocking tracks to protest the violent crackdown in Beijing.

Six persons were killed in the incident and some protesters, apparently angered by the failure of the train to stop, set fire to the train. Subsequently, China announced that three "trifflers" were executed for setting the train on fire and burning police motorcycles on the scene.

While that incident made it seem possible that the sabotage was an act of retaliation, diplomats pointed out that acts of vandalism on trains, including explosions, were known to take place in the months before the outbreak of protest. Moreover, even if the sabotage was an act of retaliation, it seemed unlikely that such acts of terrorism would become widespread.

"China is just not a very likely place for that sort of thing," a diplomat said, referring to the tight control and pervasive surveillance in this country.

The two Americans ordered to leave China, Mark Radica, 25, a teacher at Nankai University in Tianjin, and Helen Qubain, 21, a student at the same university, were given until the end of the month to leave, the official said.

The two were believed to have maintained close ties with pro-democracy demonstrators in Tianjin, a large industrial port city in northeast China.

An official at Nankai University said in a brief telephone interview that the university was ordered by the Tianjin public security bureau to tell the two Americans to leave the order.

The expulsions followed notification by China that it was putting off a Peace Corps program that had been due to start this fall with the arrival of 20 American teachers in southwestern Sichuan Province. A U.S. official said that the Chinese had given no reason for postponing the program, which, agreed to in April, would have been the first of its kind in any Communist country.

Mr. Bush said in Washington that he still was trying to make contact with senior Chinese leaders, but had been unable to do so. He said he continued to consider America's long-term relationship with China important.

"At this moment," he said, "it's impossible to have normal relations for very obvious reasons. But I am going to do my level best to see improvement there."

His secretary of state, James A. Baker 3d, warned in an address Monday against a "hasty dismantling of a constructive U.S.-Chinese relationship," which he said would serve the interests of neither country.

Prime Minister Bob Hawke of Australia, who was visiting Washington, also called for continuation of "the processes of economic reform" in China, while expressing "unqualified condemnation of the barbarity" there.

The EC leaders, citing the "climate of uncertainty created in the economic field" by the Chinese crackdown on pro-democracy demonstrators, said their governments would postpone examinations of requests for credit insurance, and expressed support for action already taken by the World Bank.

The removal of state credit insurance will make private lenders reluctant to grant loans to China, analysts said.

In Washington, congressional sources said a package of sanctions being drawn up in connection with the foreign aid bill is likely to include a similar halt to U.S. government insurance for private investments in China.

Japan already has frozen \$5.7 billion in loans to China. Asia experts in London said the sanctions would seriously hamper China's ability to raise commercial loans to pay for imports and development projects. But the squeeze coincides with an effort by the Chinese leadership to reduce heavy capital investments as a means of curbing inflation.

"The Chinese have shown themselves totally unperturbed by what the outside world thinks, and that goes down to the economic level as well," an analyst said. "In any event, the Chinese economy is in such a terrible state that they were cutting back very severely on capital investment even before this happened."

The EC leaders said they would also freeze military cooperation and place an embargo on weapons sales, suspend ministerial and other high-level contacts, postpone other projects and scale down existing cultural, scientific and technical cooperation.

Most of these measures had already been announced by individual EC governments, and closely followed what had been decided by community foreign ministers two weeks ago.

"In practical terms, we continue what we have already been doing," said Nicolas Wegter, a spokesman for the EC's executive commission in Brussels. "As far as the commission is concerned, we have already canceled all initiatives for new agreements. And we have already decided not to have any official high-level contacts." But what he called "ordinary current affairs" are continuing, including the operation of the European Commission's delegation in Beijing, which was opened in October.

The question of arms sales falls outside the commission's scope, Mr. Wegter said, adding that he understood them to be relatively unimportant.

China and the EC established diplomatic relations in 1973, signed a trade agreement in 1978, agreed in 1983 to hold regular high-level meetings and signed an amplified agreement on trade and economic cooperation in 1985. The EC is China's second-largest trade partner, after Japan, and its largest supplier of machinery and high technology products.

Last year, the EC ran up a trade deficit with China for the first time, importing goods worth 6.94 billion ECUs (\$7.35 billion) and exporting products worth 5.78 billion ECUs.



Foreign Ministers Alois Mock of Austria, left, and Gyula Horn of Hungary cutting barbed wire at the border, at Sopron, Hungary.

Austria and Hungary Snip at 'Barbed Curtain'

Reuters

SOPRON, Hungary — Using large wire cutters, the Hungarian and Austrian foreign ministers cut a symbolic hole on Tuesday through the barbed wire barrier dividing their two nations.

The Hungarian, Gyula Horn, and the Austrian, Alois Mock, were leading a band to the work of dismantling the wire fence along the 250-kilometer (150-mile) border. "This is a

historic moment," declared Mr. Horn, standing among heaps of rolled up wire in a sandy track about one kilometer from the border.

Meanwhile, in Budapest, a senior Justice Ministry official said that Hungary was preparing a law that will allow free emigration and immigration by next year.

The official, Peter Timoranszky, said a draft law, agreed on by the government on

Monday, would go to parliament this autumn. "We regard the right to emigrate as a civil right," he said. "We wish to have it in force by Jan. 1."

The law would be the most liberal in Eastern Europe and be another measure bringing Hungary closer to Western practices and further from those of its Communist allies. Hungary now allows emigration only for family reunification.

CHEMICALS: West German Company Is Implicated in Deal With Iran

(Continued from page 1)

Americans on Saturday, a West German Embassy spokesman said, "the German government asked the competent departments and agencies to do their utmost to investigate and clear the matter."

American officials said that the transaction, cited by Mr. Baker during a lunch with Mr. Genscher, called for the sale to Iran of thionyl chloride, an industrial chemical that can be used in the manufacture of mustard gas.

The information provided by Mr. Baker was "in a general and

very brief form," and Mr. Genscher replied that he needed "hard facts" to order an investigation, a Foreign Ministry official said in Bonn. He quoted the U.S. message as saying that no deliveries of the chemical to Iran had been confirmed.

Iran made extensive use of poison gas in its eight-year war against Iraq. After a truce was forged last year, U.S. officials said, the Iranians continued to produce and stockpile chemical arms.

The West German authorities were stung by accusations at the beginning of the year that West

German companies were helping Libya to design and build a huge chemical weapons factory, which the Libyans said would be used to make pharmaceuticals. Weeks later, the Bonn government promised to take action to stem the spread of chemical armaments and other weapons of mass destruction, and it proposed new export laws.

The Bonn cabinet has put forth a decree that makes it illegal for West German citizens to take part in the Libyan chemical project and also to help Libya achieve the ability to extend the range of its aircraft

through air-to-air refueling. West German officials said that the export legislation would probably not be passed by parliament before September.

Mr. Sobhani, the Iranian diplomat reported to have played a central role in the sale of thionyl chloride, has been the subject of previous U.S. concerns.

U.S. court documents released in January show that Mr. Sobhani arranged shipments to Iran of another chemical that can be used to make mustard gas, using West German, U.S. and Asian companies.

AFGHAN: Gaining With New Tactics and Old Arms

(Continued from page 1)

the resistance is around the cities in "thick" positions rather than constantly moving," a U.S. official said.

"High-altitude bombing can be effective since you know approximately where your target is going to be and you just unleash a large amount of bombs at very high altitudes above the range of Stingers," he said.

Soviet-supplied cluster bombs that explode close to the surface, scattering hundreds of little bombs among the guerrillas over a wide area, have increased the deadly effect, an official said.

Afghan guerrilla leaders engaged in the four-month-old siege of Jalalabad, the strategically situated city in the east, have complained bitterly about the high-altitude bombing.

General Abdul Rahim Wardak, a siege leader, has estimated that the bombing caused 40 percent to 50 percent of guerrilla casualties.

The general and others say that the Antonovs orbit for long periods high over the targets, dropping some bombs and then correcting the aim before releasing more. According to Jane's All the World's

Aircraft, the plane can carry about 20 tons.

U.S. officials say the Afghan use of the Scud-B, with a range of about 180 miles in semi-guerrilla warfare, is novel because the missile is not particularly accurate.

"It does have a certain terror effect on the mujahidin and certainly makes the regime feel better," a U.S. official said.

The Soviets have sent at least 500 Scuds to Afghanistan since February, analysts said.

But Defense Department experts believe the main reason the guerrillas failed to capture Jalalabad is not Scuds or Antonovs but the failure of its commanders to keep the city under a tight siege. The key to this, they say, is stopping traffic through what is called the Silk Gorge between Jalalabad and Kabul. They insist that there is no acceptable reason for the guerrillas' failure to keep it closed.

To counter the intense bombings, U.S. experts briefly considered giving the guerrillas with anti-aircraft missiles that have a greater range than the Stingers.

But the idea was rejected, partly out of concern that longer-range missiles could pose a threat to international air traffic over Afghanistan

and partly because they are too complicated to operate.

Instead, the experts have concluded that the best defense would be intensive attacks against Afghan airfields.

This would require providing the guerrillas with long-range heavy artillery and ammunition, including special shells that crater runways and make them impassable. The United States has provided the guerrillas with several 120mm Spanish-made mortars, but too few to make a significant difference.

The question now is whether the United States can get the necessary artillery and munitions to the guerrillas in time for an offensive this summer, which may well be the last opportunity to gain a military victory before U.S. and Pakistani support fades.

U.S. officials say that guerrilla leaders have absorbed "the lesson of Jalalabad" — not to concentrate on one target, which allows the Afghan Army and Air Force to concentrate their defenses.

The mujahidin now plan simultaneous offensives against a number of government-held cities, airfields and roads with the objective of spreading the opposing forces thin in hopes of capturing one or more targets.

FLAG: National Symbol

(Continued from page 1)

Amendment of the Constitution," he said.

Mr. Foley, a Washington Democrat, reacted angrily Tuesday when reporters suggested that Republicans could make the issue a partisan one if Democrats failed to support a constitutional amendment. The Associated Press reported from Washington.

"I'm sure people will play politics with any emotional issue," he said, calling such partisanship "repulsive and disgusting."

On other topics: Mr. Bush said that he would not seek remedial legislation following recent Supreme Court rulings that have narrowed the affirmative action rights of women and minorities. He said he had been advised by Attorney General Dick Thornburgh that nothing in these decisions jeopardized or called into question affirmative action or minority outreach efforts.

Mr. Bush said that the court decisions were based on "a technicality," adding: "I will certainly support the attorney general."

But he added that if the court's decisions turned out to hamper civil rights enforcement, he would consider legislation.

With the Supreme Court expected to rule later this week on a case involving abortion, Mr. Bush renewed his opposition to the procedure. He said he was not going to change his position.

The president, who visits Poland in two weeks, said that the United States would have a "package" of financial aid, but he would not disclose details. Congress has so far failed to complete action on a set of initiatives that Mr. Bush proposed earlier this year. Mr. Bush said he wanted to make sure that Poland had enacted changes so that the West did not "push money down the drain." He said he would raise the issue at the Paris economic summit next month.

Mr. Bush said he did not expect President Mikhail S. Gorbachev of the Soviet Union to be "upright" about his visits to Poland and Hungary, suggesting the coming trips were no more provocative than Mr. Gorbachev's recent visit to West Germany.

6 Nigerian Universities To Stay Shut Until '90

Reuters

LAGOS — Nigeria's military rulers have decreed that two universities that were closed after student-led riots in May would remain closed until Sept. 30 and that six other universities would remain shut until March 31.

Education Minister Jibril Aminu attributed the decision Monday to "intolerable lawlessness displayed by their students, with widespread riots, arson and rampage spreading into the surrounding city areas."

Those closed until next year include Nigeria's leading university, in Ibadan, the university of Benin in Bendel state, and federal and state universities in Lagos.

WORLD BRIEFS

Communists Turn Down Papandreou

ATHENS (Reuters) — A Communist-led alliance refused Tuesday to join in a coalition government with the Socialists of Prime Minister Andreas Papandreou, making new general elections the most likely way out of the political crisis in Greece.

The Communist leader, Harilaos Florakis, rejected a coalition after a 60-minute meeting with the personal representative of Mr. Papandreou, who has been serving as caretaker prime minister since the majority held by the Socialists was defeated in elections June 18.

Mr. Papandreou, who fell ill after the vote, remained in a hospital intensive care unit recovering from pneumonia and kidney failure. A deal with the Communists had been his only hope of retaining power after the Socialists were defeated by the conservative New Democracy Party. The Communist alliance, which emerged as power broker, will now be asked to form a coalition.

U.S. Tightens Warhead Plant Safety

WASHINGTON (AP) — Energy Secretary James D. Watkins announced a 10-point plan Tuesday to "chart a new course" for what he called a failed system of protecting the environment and public health from nuclear weapons production.

At a news conference, he disclosed that the first permanent dump for radioactive waste from the warhead program, which was scheduled to open in September in New Mexico, would not start receiving waste until next year.

Mr. Watkins said that teams would be created to verify that weapons plants complied with federal and state laws. He said he would change the terms of contracts with companies running the weapons plants to put more emphasis on safety and environmental compliance, and he promised a faster cleanup of weapons plants.

Witness Singles Out Palme Suspect

STOCKHOLM (AP) — The owner of a hot-dog stand testified in court Tuesday that he saw the man accused of killing Prime Minister Olof Palme following Mr. Palme moments before he was fatally shot.

In other testimony, a taxi driver who witnessed the shooting on Feb. 28, 1986, in central Stockholm made what observers called a crucial link between the gunman and the defendant, Carl Gustav Christer Pettersson. The taxi driver said he saw the defendant flee after the shooting. Mr. Pettersson, 42, who has denied the killing, was identified in court last week by Mr. Palme's widow, Lisbet, as the man she saw standing nearby and then fleeing after the shooting.

India Releases 4 Airspace Intruders

NEW DELHI (AP) — Four pilots of private aircraft, two Americans and two West Germans, were released Tuesday, 10 days after being detained for flying over restricted airspace, an official at the U.S. Embassy said.

The flyers' two planes were forced down by Indian fighters on June 16 near Bhuj in the western state of Gujarat. Defense Ministry officials said. They said that the aircraft had deviated about 500 kilometers (about 310 miles) from their prescribed course and had entered a military airfield. The airspace over Bhuj, near the Pakistan border, is closed to nonmilitary traffic.

The ministry said that the planes were among four Beechcraft Bonanzas on a round-the-world trip and that they had been cleared to fly from New Delhi to Bombay and Bahrain.

Arab Said to Kill 2 in Israeli Prison

JERUSALEM (AP) — A Palestinian Arab detained in an Israeli desert prison camp has killed two fellow Arabs, the Israeli Army said. The Israeli state radio said the assailant felt that he was retaliating against the two for having collaborated with Israelis.

The killings, discovered Tuesday during the morning prisoner count, raised to four the total of prisoners slain in the last two weeks at the Ketzioz camp in the Negev. The Israeli Army confirmed the deaths and identified the victims as Mahmoud Abdul Abedgalla and Ali Hijazi Tash, both of the occupied Gaza Strip.

Israeli troops in the Gaza Strip opened fire Tuesday on a group of Palestinian stone-throwers, Arab hospital officials said, and wounded 13, including four 11-year-olds.

Thais Relent on Khmer Refugees

BANGKOK (AP) — Although a Thai security official said Tuesday that a group of up to 600 Cambodian refugees would be returned to the control of the Communist Khmer Rouge, the U.S. State Department said that this would not happen.

The refugees fled a Khmer Rouge camp after it was heavily shelled in mid-April and traveled a few miles to a camp run by the non-Communist Khmer People's National Liberation Front. The Khmer Rouge wanted the refugees returned. But the UN Border Relief Operation and the International Committee of the Red Cross, which have reported widespread human rights violations in Khmer Rouge camps, insisted that the refugees be allowed to choose where to live.

In Washington, the State Department spokeswoman, Margaret Tutwiler, said Tuesday that the Thai government had assured U.S. officials that the refugees would be allowed to remain in non-Communist resistance camps.

TRAVEL UPDATE

British Rail and London Transport workers plan a 24-hour strike Wednesday for the second consecutive week in support of demands for a raise of at least 10 percent. The 75,000 transportation workers held their first national strike in seven years last Wednesday after the government refused to go beyond an offer of 7 percent.

Italy has banned tourists from taking cars to five of the Lipari Islands off Sicily during the peak tourist months of July and August. A decree published Monday said only delivery traffic and vehicles belonging to residents or homeowners would be allowed on the volcanic islands of Lipari, Stromboli, Vulcano, Filicudi and Panarea. Offenders risk fines of 150,000 to 1.5 million lire (\$100 to \$1,000).

Morocco is considering a high-speed train link between Casablanca and Algiers that would cut the 1,300-kilometer journey from 24 hours to 5. The Moroccan railroad director, Moussa Moussoui, said in Le Matin on Tuesday that France's state railroad would carry out preliminary studies. The train, running at 300 kilometers an hour (185 miles an hour), would stop in Rabat, Fes, Oujda and Oran.

A British and a Thai airliner collided on the ground at Heathrow Airport as they prepared to take off Tuesday but no one was hurt, officials said in London. The tail of a BA Boeing 757 bound for Brussels was damaged, as was a wing of a Thai Airways 747 due to fly to Bangkok. The passengers were transferred to other flights.

Paris expects a 55-percent increase in the number of tourists during the first 10 days of next month and 45 percent more in the following 10 days for the celebration of the bicentennial of the French Revolution. The Tourist Ministry said Tuesday it hoped the visitors would bring 250 million francs (\$96 million) in revenues to the Paris area alone. (UPI)

WEATHER

EUROPE				ASIA			
	HIGH	LOW			HIGH	LOW	
Algeria	20	14	10	6	8	2	1
Amsterdam	20	14	10	6	8	2	1
Antwerp	20	14	10	6	8	2	1
Berlin	20	14	10	6	8	2	1
Birmingham	20	14	10	6	8	2	1
Bombay	20	14	10	6	8	2	1
Boston	20	14	10	6	8	2	1
Buenos Aires	20	14	10	6	8	2	1
Calcutta	20	14	10	6	8	2	1
Cardiff	20	14	10	6	8	2	1
Cebu	20	14	10	6	8	2	1
Dublin	20	14	10	6	8	2	1
Edinburgh	20	14	10	6	8	2	1
Frankfurt	20	14	10	6	8	2	1
Geneva	20	14	10	6	8	2	1
Helsinki	20	14	10	6	8	2	1
London	20	14	10	6	8	2	1
Lyon	20	14	10	6	8	2	1
Madrid	20	14	10	6	8	2	1
Moscow	20	14	10	6	8	2	1
Munich	20	14	10	6	8	2	1
Nairobi	20	14	10	6	8	2	1
Osaka	20	14	10	6	8	2	1
Paris	20	14	10	6	8	2	1
Prague	20	14	10	6	8	2	1
Rome	20	14	10	6	8	2	1
Stockholm	20	14	10	6	8	2	1
Tokyo	20	14	10	6	8	2	1
Warsaw	20	14	10	6	8	2	1
Zurich	20	14	10	6	8	2	1

AFRICA				LATIN AMERICA			
	HIGH	LOW			HIGH	LOW	
Algiers	20	14	10	6	8	2	1
Cairo	20	14	10	6	8	2	1
Cape Town	20	14	10	6	8	2	1
Conakry	20	14	10	6	8	2	1
Dakar	20	14	10	6	8	2	1
Harare	20	14	10	6	8	2	1
Johannesburg	20	14	10	6	8	2	1
Lima	20	14	10	6	8	2	1
Lima	20	14	10	6	8	2	1
Managua	20	14	10	6	8	2	1
Medan	20	14	10	6	8	2	1
Montevideo	20	14	10	6	8	2	1
Nairobi	20	14	10	6	8	2	1
San Francisco	20	14	10	6	8	2	1
Sao Paulo	20	14	10	6	8	2	1
Seattle	20	14	10	6	8	2	1

MIDDLE EAST			
	HIGH	LOW	
Algeria	20	14	10
Cairo	20	14	10
Jerusalem	20	14	10
Tel Aviv	20	14	10

OCEANIA			
	HIGH	LOW	
Auckland	20	14	10
Wellington	20	14	10

NORTH AMERICA			
	HIGH	LOW	
Albuquerque	20	14	10
Anchorage	20	14	10
Boston	20	14	10
Buffalo	20	14	10
Dallas	20	14	10
Detroit	20	14	10
Houston	20	14	10
Los Angeles	20	14	10
Miami	20	14	10
Minneapolis	20	14	10
New York	20	14	10
Omaha	20	14	10
Philadelphia	20	14	10
Pittsburgh	20	14	10
Portland	20	14	10
San Francisco	20	14	10
Seattle	20	14	10
Tampa	20	14	10
Toronto	20	14	10
Vancouver	20	14	10
Washington	20	14	10
Wichita	20	14	10

c-cloudy; f-foggy; r-fair; h-hot; n-night; o-overcast; p-partly cloudy; r-rain; s-snow; t-thunder; w-windy

WEDNESDAY'S FORECAST - CHANNEL 5			
	11-15	16-20	21-25
ALBANY	11-15	16-20	21-25
ALBANY	11-15	16-20	21-25
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ALBANY	11-15	16-20	21-25
ALBANY	11-15	16-20	



GOING BATTY — A hair stylist in New York providing a customer with a rearview "batcut." The style gets its inspiration from the new movie "Batman" and the resulting "batmania."

AMERICAN TOPICS

An Expert Says U.S. Is Overdue for a Fad

Americans are overdue for a fad, says Ken Hakuta, who sold 225 million Wacky Wallwalkers in the early 1980s and wrote "How to Create Your Own Fad and Make a Million Dollars." He told the Los Angeles Times that "we've gone through a big dry spell of fads."

Products depicting Batman may be the next rage. The Hollywood film about the comic-book hero grossed \$42.7 million in its first three days, breaking the \$29.5-million record set only the previous weekend by "Ghostbusters II."

Mr. Hakuta made \$20 million on his eight-legged rubber crawly that crept down the wall and sold for \$2.50. A fad is, by definition, a passing fancy, usually nonutilitarian. As Mr. Hakuta puts it: "If you come up with something that's useless and promote it the right way, everybody will have to have it yesterday."

Commercial fads, some of which have been around more than once, have included miniature golf, yo-yos, Hula Hoops, Happy Face pins, Earth shoes, Nehru jackets, Pet Rocks, Cabbage Patch Kids dolls, tie-dyed blue jeans and Rubik's Cube.

Notes About People

Kathy Whitmore, the mayor of Houston, has announced she will seek a record-tying fifth consecutive two-year term in the November election. Her main challenger is Fred Hofheinz, mayor from 1974 to 1978.

C. Everett Koop, who leaves next month after seven years as U.S. surgeon general, says he will deliver health messages to this country as long as people will listen. The Washington Post reports, "I want somebody to say five years from now, 'When Koop left the office of surgeon general, he continued for a time to be the health conscience of the country.' I'd like that."

Short Takes

Leschanda Daniels, 13, of Boston, did not have to spend time in the library researching her prize-winning essay on homeless people. For five months during the past year she shared a room in a city shelter with her mother and four brothers. The family has since managed to find an apartment. Of the 600 entries in the citywide essay contest, hers was the only one written from personal experience. She won \$250. When you are homeless, she wrote, "you feel like you

want to just let everything go, and sometimes that happens. If you are not a very strong-willed person, it will happen."

Americans are showing a growing interest in social issues, says Margaret Mottier, head of the Encyclopedia Britannica's research service for subscribers. She said the 10 most-asked-about topics in 1988 were how to establish a small business, how to prepare a business plan, child abuse, financing a business, capital punishment, AIDS, euthanasia, the Holocaust, personal computers and writing a research paper. She said the previous year's list contained "nary a question on social or public health issues."

The Cuyahoga River is not yet completely clean, but it's fireproof. The New York Times reports. Twenty years ago this month, floating oil and debris were ignited by molten slag from a steel mill, making Cleveland and its river that caught fire the butt of countless jokes. Officials say refurbished sewage treatment plants and more stringent regulation of river discharge have greatly improved the water. Pleasure boats, new waterfront taverns and new commercial and residential buildings testify to the river's improvement, as does the reappearance of several fish species that had all but disappeared.

Arthur Higbee

Stealth Bomber Facing A Big Drain of Funding To Other Arms Projects

By George C. Wilson

Washington Post Service

WASHINGTON — The B-2 Stealth bomber, which will be the most expensive bomber ever built, has emerged from its cocoon of secrecy to become a prime target for a new type of budget ax. And members of Congress are expected to start wielding the ax soon.

Under a gentlemen's agreement in the House and Senate, lawmakers who add money to one part of President George Bush's military budget are obliged to take away an equal amount elsewhere.

The Stealth, a bomber that has yet to fly, may lose money in this way to more ordinary military programs when the House Armed Services Committee takes up the fiscal 1990 military budget this week.

The bomber is also under challenge in the Senate, where John Glenn, Democrat of Ohio, argues that B-2 production should be slowed until the plane proves itself in flight tests. The B-2 is a four-engine, jet-powered flying wing.

Senator Glenn is among those who believe that buying a fleet of 132 Stealth bombers for \$70 billion would leave so little money for other weapons that the U.S. Air Force would be engaging in "structural disarmament."

The air force confirmed last week that the bomber, designed to slip through radar until it is too late for defenders to react, has cost \$22.5 billion before its first flight, and it will require a total of \$70.2 billion for the projected fleet of 132 planes.

More worrisome to some congressional leaders and Defense Department budget analysts than the price — \$532 million for each bomber — is the disclosure that the largest share of money for the B-2 fleet will be needed in the mid-1990s, when the Pentagon expects to be inundated with other costs.

Under the plan, the B-2 would require \$4.7 billion in fiscal 1990, \$5.3 billion in fiscal 1991, \$7.8 billion in fiscal 1992, \$5.4 billion in fiscal 1993 and \$7.7 billion in fiscal 1994. This would buy five B-2s for testing and 127 for regular service.

"We will not spend \$7 billion to \$8 billion a year for the B-2," Les Aspin, the Wisconsin Democrat who is chairman of the House Armed Services Committee, said flatly. Now that the air force has divulged the costs, he added, "We can begin to address the problem."

To many lawmakers, "addressing the problem" means taking money out of the Stealth account and putting it into other weapons that Defense Secretary Dick Cheney has marked for cancellation. These are mainly the V-22 Osprey vertical-takeoff air transport for the marines and the F-14D fighter for the navy.

On Thursday, for example, the House Armed Services Committee's research and development subcommittee voted, 11 to 7, to cut the Stealth development fund by \$351 million and earmarked that amount for the Osprey. Test and production versions of

the B-2 are being built from the same tooling, at virtually the same time, at Northrop Corp.'s plant in Palmdale, California, in what the Pentagon calls "concurrency."

Asked why the Pentagon decided to use "concurrency" on the B-2, since simultaneous development and production led to major flaws on the B-1B bomber, the Pentagon's testing director, John E. Krings, explained that "the computer creates the design" for radar-evading planes or missiles.

Once the design has been created, he said, the plane or missile must be built to those exact curves and twists, and no changes can be made between test and service models.

"The first B-2 is the last B-2," Mr. Krings said. The B-2's first flight, sometime in the next few weeks, may show that "we were 100 percent wrong." "It may go on and over end on the first flight," he added, but if so it will not be from lack of testing.

Senator Glenn said the "concurrent" procedure was too risky. He added that he might try to amend the Pentagon's budget to require production of the new bomber to be slowed until after about a dozen flight tests.

"I don't want to kill the thing," said Senator Glenn, a former marine test pilot and the first American to orbit the Earth. "All I'm saying is, let's work some of the bugs out, which we know are going to be there, before we go into full production."

General Galvin Says New Lance Is NATO Priority

Washington Post Service

BRUSSELS — Despite NATO's decision to postpone modernization of the Lance — the West's only ground-to-ground short-range anti-air missile — research toward a new version of the weapon is likely to begin soon, General John R. Galvin, the alliance commander, said Tuesday.

In an interview with U.S. reporters, General Galvin said he had informed the Pentagon that a proposal to spend \$33 million on Lance modernization research this year was his top priority.

At the NATO summit meeting last month, a split between West Germans and the United States was smoothed over by a compromise postponing a decision on the Lance until 1992.

General Galvin said the postponement and the rest of President George Bush's arms control initiative have "brought back a lot of unity and cohesion" to Europe. But prompt development of a new version of Lance remains vital, he added.

A decision on research money for a new Lance could come at any moment. The House Armed Forces Committee was scheduled Tuesday to start considering funding.

No Splendid Misery for Bush

He Finds His First Five Months Full of Satisfactions

By Maureen Dowd

New York Times Service

WASHINGTON — Others may have stooped under the weight of the presidency, what Thomas Jefferson called the "splendid misery" of wrestling with the world's problems.

But President George Bush, in sardonic, humorous and reflective remarks underscoring how much his confidence has blossomed since the election, said that the satisfactions of his first five months had far surpassed the frustrations.

His comments came in a 25-minute interview Monday that ranged over a number of domestic as well as foreign policy issues.

In what might be taken as an unintentional parody of his predecessor's reliance on cue cards, the president greeted interviewers with a display of mock nerves, shuffling the papers on his desk in an agitated manner, as though he were not prepared to answer questions without his briefing material.

Then he pushed the papers aside and grinned mischievously at the assembled group, including the White House chief of staff, John H. Sununu, and the national security adviser, Brent Scowcroft.

Indeed, Mr. Bush's demeanor these days is so loose that it is hard to reconcile it with his often shrill and defensive behavior during the 1988 presidential campaign.

If he was once easily hurt or angered by unkind commentary about his candidacy, he now seems infused with so much confidence that he was willing to let most criticism slide.

At one moment, speaking of a news story that had nettled him, the president smirked at his desk with the side of his hand — "Karate chop!" he barked — in humorously suggesting a punishment for the offending reporter.

Mr. Bush showed a breezy generosity toward Mikhail S. Gorbachev, the Soviet leader.

"I think we're in a good wavelength in terms of the chemistry," he said.

Asked for his assessment of the stability of Mr. Gorbachev's power, Mr. Bush said the Soviet

leader "looks more and more to be in charge, without challenge."

The president also said the United States looked with "some amazement" at the moves toward political change and openness in the Soviet Union, adding that he was "very pleased" about Mr. Gorbachev's visit to Bonn two weeks ago.

Referring to the Russians and Mr. Gorbachev, the president said, "I don't think they sense that I want to set the clock back

much signal," the president said. "It's what Woody Allen said — 90 percent of life is just showing up." Mr. Bush indicated that he would offer an economic package of assistance to Poland, but added, "The concept that the United States of America cares and is interested in the dynamic change that's taking place in Poland is most of the message."

U.S. relations with Iran will not substantially change despite the death of Ayatollah Ruhollah Khomeini. Mr. Bush said it would be "counterproductive right now" to seek improved relations with Iran. He said it caused him "no problems at all" that the speaker of Iran's parliament, Hashemi Rafsanjani, recently signed a number of economic and military agreements with Mr. Gorbachev. The president added, "We have certain problems that Iran knows are going to continue to plague our relationship." These problems, he indicated, involve possible Iranian involvement in terrorism as well as the American hostages in Lebanon.

The president said he did not feel under any compulsion to make "some sweeping concessions" to the Soviet Union in the talks on long-range nuclear arms that resumed in Geneva last week, especially on Moscow's prime concerns, the testing and deployment of anti-missile systems and possible limits on sea-launched cruise missiles.

Mr. Bush said it was crucial that both sides initially resolve "difficult items of verification" as the first step to an accord.

Sitting in the airy Oval Office with paintings of fishermen on the wall and a table behind him crowded with photographs of the Bush family at play, the president said he felt no pressure to compete with Mr. Gorbachev in relationships with West Germany, Iran or any other country.

"There's nothing to be gained by trying to go one-up, if someone else is successful in having a successful visit in Germany," he said. "What's important in that connection is: Does that have any adverse effect on the interest of the United States? And the answer is clearly on."

Mr. Bush's demeanor these days is so loose that it is hard to reconcile it with his often shrill and defensive behavior during the 1988 presidential campaign.

or that our foreign policy is designed in some way to drag its feet or put them in a difficult position.

"If his success is based on reform and openness, that's our success," Mr. Bush continued. "That's the success of free men and women everywhere."

Mr. Bush said he would not yield to congressional pressures for further sanctions against China because he wanted to "preserve the relationship."

"It was this relationship and the relationship of other Western countries that brought some economic processes and some change toward more individual expression," he said. "I want to see us to continue to have certain contacts."

Mr. Bush made these additional points on foreign policy:

• His visit next month to Poland and Hungary is expected to solidify U.S. ties to those two nations. "Being there is an enormous

U.S. May Shift Pretoria Policy

By Thomas L. Friedman

New York Times Service

WASHINGTON — The Bush administration has begun consulting with Congress over what it hopes will become a new bipartisan approach to South Africa, replacing the Reagan administration policy of "constructive engagement."

We are now engaged in a dialogue with the legislative branch to see if we can come forward with an agreed course so the United States can speak with one voice and might be able to have some impact on

what happens in South Africa, because we're having scant impact right now," Secretary of State James A. Baker 3d said in a recent speech in the National Press Club.

According to administration officials, the package Mr. Baker is discussing with members of Congress involves a combination of measures designed to push both whites and blacks to negotiate a peaceful transition to "a nonracial representative government in South Africa."

The measures include increased financial aid to South African blacks to upgrade their economic and political infrastructure and enable them to negotiate more effectively with the whites, a much more aggressive administration effort to promote such a dialogue, greater coordination with Western allies in encouraging the parties to negotiate, and adoption of much stronger language in denouncing apartheid.

Finally, the Bush administration intends to work more openly, in a way the Reagan administration refused to do, with the full spectrum of South African black leaders, ranging from conservatives to militant members of the African National Congress, to get negotiations started.

President Bush will underscore this last point when he meets later this week in the White House with Albertina Sisulu, co-president of South Africa's leading anti-apartheid organization, the United Democratic Front, and, after the imprisoned Nelson Mandela, probably the most prominent black South African activist.

Officials say they are not looking for a formal written agreement with the Congress, as was the case with the bipartisan approach to

Central America, but rather a verbal understanding that Congress will "give the administration running room" to test its approach.

That means an understanding that the United States would — far the time being — neither expand nor repeal the economic sanctions Congress imposed on South Africa over the opposition of the Reagan administration in 1986.

"We are telling Congress that this is not the Reagan administration, which defined 'constructive engagement' as not saying anything to the South African Government didn't like," said an official. "We are not just going through the motions. But what Baker is telling the Hill is don't tie my hands now with more sanctions. We see signs of change among both whites and blacks. Give me some time and I will prove to you that we have an approach that can produce results."

Some officials are hoping that their South Africa policy will also pay domestic political dividends in improving the standing of Mr. Bush with U.S. blacks, after a campaign in which Mr. Bush antagonized many black voters.

Thus far, members of Congress appear cautiously encouraged by what they have heard. But they are reserving final judgment until they are assured that the administration is not just selling the Reagan approach in a prettier package.

Fireworks Hit East Germans

BERLIN — Forty persons were injured when a fireworks display in the northern East German town of Stavenhagen went awry and rockets landed in the crowd.

SPY: Who Was He?

(Continued from page 1)

chief photographer to the commander of the 6th Fleet and had served on the aircraft carrier Nimitz. It said that he carried naval intelligence headquarters in Norfolk, Virginia, as an analyst after graduation from university in April 1986.

Mr. Souther's career as an intelligence analyst was apparently very brief, as it was during this period that he attracted the attention of the FBI.

He told Izvestia that Young Republicans at Old Dominion University had denounced him to the authorities because of his interest in the Russian language and a revolutionary Soviet poet, Vladimir Mayakovsky.

In the interview last year by the Moscow television program "A Camera Looks at the World," Mr. Souther said that he had been provided with a car and a pleasant apartment in Moscow. But, like many defectors before him, he expressed some frustration that his skills and knowledge were not being fully used by the Soviet authorities.

The obituary did not provide any details about the cause of death, other than saying that he had "died suddenly." It said that his struggle had required "enormous personal courage and the giving of all his spiritual and physical strength."

Herald Tribune
Relaying the World's Most Important News to the World's Most Important Audiences

MOSCOW: Appointees Defeated

(Continued from page 1)

the parliament's will suggested that the nominees may have been put forward to satisfy various high-level constituencies rather than out of Mr. Ryzhkov's personal enthusiasm.

The economist Leonid I. Abelkin, a top Ryzhkov deputy, said Tuesday that in his view, "These weren't the best candidates. It would have been possible to find more competent leaders."

But the defeats were regarded by many legislators as a historic turning point — a demonstration to those who run the government that they have a master other than the Communist Party. No government official had ever been rejected by the rubber-stamp legislatures of the past.

"It is really principally important," said Igor Gryazin, a deputy from Estonia, "because for the first time in 10 years, the members of the government feel they depend on the elected deputies."

Legislative committees have also spurned three nominees to the Supreme Court on the grounds that they were not well-versed in the law. In addition, the committees have rejected a deputy federal prosecutor accused of obstructing investigations into high-level corruption. These nominations are also expected to be dropped.

The jockeying for power in the Supreme Soviet also includes a pitched battle over control of the military and the state security police, which has drawn together an unusual alliance of civilian liberals and young military officers calling

for a more professional, streamlined and publicly accountable military and KGB.

The immediate issue is the make-up of a critical Supreme Soviet committee that will oversee the budgets and activities of those traditionally secretive institutions.

The panel, with a majority consisting of senior military officers, KGB officers, directors of defense factories and local party officials, has won initial approval, but critics have vowed to continue their fight.

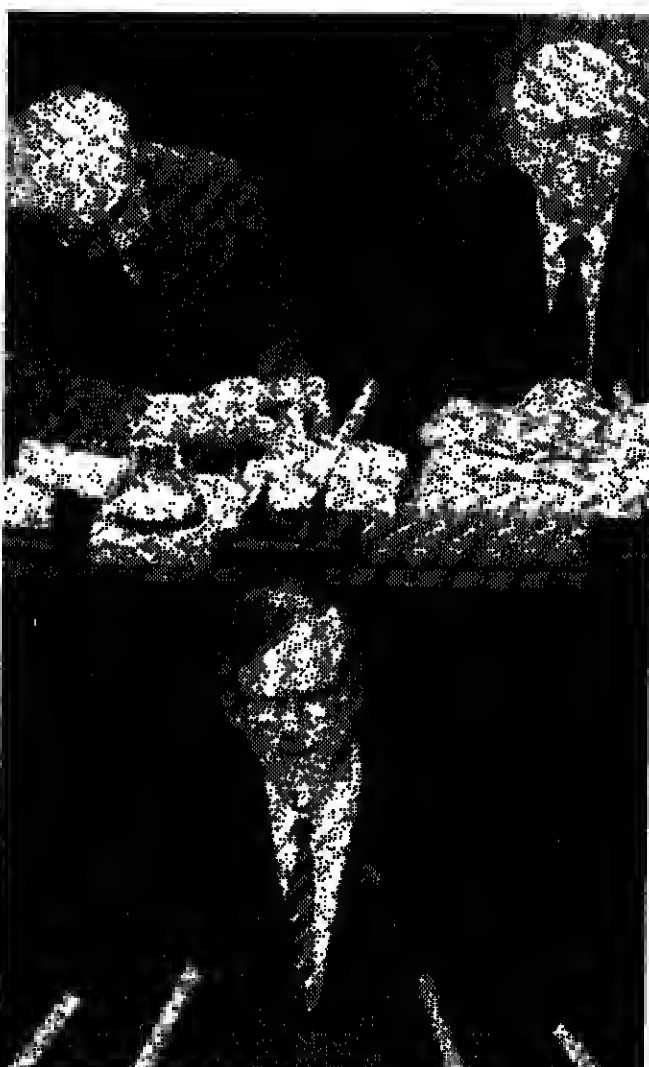
In a preliminary round, critics forced the expansion of the committee to include a deputy from the once-independent Baltic republic of Lithuania, where the Soviet Army is widely disparaged as an "occupying force."

"That committee should be an organ of civilian control," said Mr. Gryazin, the Estonian deputy. "We want to be sure that there will never be any kind of coup d'état from the military or the KGB."

This week the committee chairman, a missile expert named Vladimir L. Lopygin, sought to offset this concern with a newspaper interview in which he endorsed establishment of a volunteer, professional army — a position opposed by the military leadership — and urged tighter control of the KGB.

Much of the power struggle has taken place in closed committee meetings, with only sketchy reports in the press.

Beginning Monday, the legislature ended its practice of live television and radio broadcasts on the grounds that the novel, uninhibited legislative debate was distracting the public from work.



Mr. Ryzhkov speaking in parliament Tuesday. Behind are President Gorbachev, right, and Vice President Anatoli Lukyanov.

Soviet General Says 20,000 Troops Are on Ethnic Riot Duty

Reuters

MOSCOW — More than 20,000 Soviet internal security troops are dealing with outbreaks of ethnic unrest in the Soviet Union, a general said on Tuesday. Most of the 20,000 anti-riot troops were said to be deployed in Uzbekistan.

Major General Yuri Alexeyev, deputy commander of the Internal Affairs Ministry's paramilitary force, said at a news briefing that several thousand troops were in Armenia and Azerbaijan, neighboring republics torn by a rivalry over the

Nagorno-Karabakh Autonomous Region.

"In the Uzbek region of Fergana, about 12,000 internal security troops are preventing further outbreaks of disorder," General Alexeyev said. "If you are talking about all areas of unrest, I would say that more than 20,000 have been deployed."

He disclosed that the Ministry of Internal Affairs, which also has regular police duties, had a total of about 300,000 security troops. "It is much fewer than before and it

will be reduced still further," he said.

The troops, who are equipped with helicopters, tanks and armored personnel carriers, are trained in anti-riot techniques and have been rushed to several towns and cities in the last year.

They were sent to Yerevan, the Armenian capital, in September to enforce a ban on mass demonstrations after an outbreak of protests over Nagorno-Karabakh.

In December, security troops were sent again to Yerevan, and

also to Baku, the Azerbaijani capital, after killings in the two republics. More than 90 persons have died in the dispute since February 1988.

Troops were sent to put down a gathering in Tbilisi, capital of Georgia, on April 9. Twenty persons were killed when troops used shovels and crowd-control gas.

A spokesman of the Internal Affairs Ministry, Boris Mikhailov, said that the situation in Fergana Valley in Uzbekistan was under control. Ninety-nine persons were

killed during 10 days of riots. The violence was directed against Meskhetian Turks, a minority deported to Central Asia from Soviet Georgia during World War II.

About 17,000 Meskhetians have been evacuated from the Fergana region since the violence started. Mr. Mikhailov said thousands more were being removed from other regions of Uzbekistan.

The spokesman said tension was high in Kazakhstan, which has been hit by ethnic violence this

Conviction Of Nofziger Is Reversed

Compiled by Our Staff From Dispatches

WASHINGTON — A federal appeals court on Tuesday reversed the conviction of Lyn Nofziger, a former White House political director who was found guilty of illegal lobbying after he had left the Reagan administration.

Mr. Nofziger was convicted Feb. 11, 1988, on three counts of illegally lobbying senior presidential aides on behalf of private clients after he had left the White House. In a 2-to-1 decision, a U.S. Court of Appeals panel said that the government was required to prove that Mr. Nofziger had knowledge of all the facts that made his conduct criminal.

"Because the government offered no evidence demonstrating that Nofziger possessed such knowledge, we reverse his conviction," the court said.

The case involves the first conviction under provisions of the 1978 Ethics in Government Act, which imposes a one-year ban on lobbying former government colleagues after leaving service in the executive branch.

The independent counsel, Richard Friedman, said that a further appeal by his prosecution team was "more likely than not."

Mr. Nofziger had been sentenced to 90 days in jail, fined \$30,000 and given two years of probation.

The two judges who ruled in Mr. Nofziger's favor, James Buckley and Stephen Williams, were appointed to the appeals court by former President Ronald Reagan. Judge Harry Edwards dissented, saying that the ethics law was clear for Mr. Nofziger to follow.

The charges against Mr. Nofziger involved business contacts he had with the former attorney general, Edwin Meese 3d, and other administration officials less than a year after he had left government in January 1982 to open a consulting business.

The main charge involved an April 1982 memo Mr. Nofziger sent to Mr. Meese urging him or even Mr. Reagan to help the now-bankrupt Wedtech Corp. win a \$32 million Army contract to build engines.

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(AP, UPI)

INTERNATIONAL Herald Tribune

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Relations With China

The Clock Is Ticking

The handful of men in their eighties who currently rule China have changed the guard, installing loyalists to replace leaders who were adjudged too ready to conciliate rather than crush the democracy movement. Even as the student leaders of the demonstrations are being hunted down, given kangaroo trials as "counter-revolutionaries" and executed, the ranks of the Communist Party are being purged of officials who showed sympathy to them. It is a savage exercise and almost certainly a losing one. The clock is ticking on the octogenarians, whose anointed heirs have yet to build a power base of their own. Their intent to keep the economy open and political life closed is a contradiction that invites continuing deterioration and unrest. Senior leader Deng Xiaoping and his comrades have already lost China years of the progress, and countless quantities of the esteem, that their country had achieved.

Americans are having their own difficulty coming to terms with the new China. In Congress and elsewhere, the revolution the regime has richly earned is producing escalating appeals for retaliation by severing the ties Washington has laboriously constructed since President Richard Nixon's breakthrough trip to Beijing nearly 20 years ago.

Mr. Nixon, tending to a strategic tie whose construction was one of his administration's principal achievements, has come forward to warn of "pious pronouncements in public about what the Chinese leaders should or should not do." Revulsion but not reprisal is his formula.

On his part, President George Bush has come to the place where politics and policy intersect, and it is the right place. At first, what feeling he had for the protesters and their cause was being all too evidently subordinated to an estimate of China's considerable value to the United States in providing a strategic counterweight to Soviet power and in treating regional conflicts in Cambodia, Afghanistan and elsewhere. There seemed insufficient awareness of America's considerable value to China's own security and modernization. Under public pressure, however, Mr. Bush found a clear voice. Using presidential statements, stepped up radio broadcasts, sanctuary to a leading dissident, gestures to the students and the interruption of normal military contacts with the regime, he has shown respect for the moral as well as the strategic requirements of American policy. The burden is on those who favor extra sanctions to show that such steps would usefully contribute to democracy in China and the American interest in it.

—THE WASHINGTON POST.

Words Without Music

The news from China demonstrates again the soundness of President George Bush's firm policy. But unless the president stops speaking so softly, he risks undermining his firm policy.

Americans are angry, and rightly so, about the massacres, manhunt, executions and persecutions of truth inflicted on a billion Chinese by a narrow hard-line clique. The anger manifests itself in impatient congressional demands for rash action.

Mr. Bush has in fact responded with muscular steps like suspending military contacts and sales, canceling high-level diplomatic and military visits and delaying critical loans from development banks.

While the Chinese regime knows that that is strong stuff, the American public doesn't. And yet the president keeps talking calmly about balancing human rights concerns against calculations of state. In an interview with The New York Times, he ruminates about how far China has come, when Americans are waiting to hear him denounce hard-liners for how far they have gone.

China's new alignment of leaders confirms the underlying logic of the administration's approach. Jiang Zemin, the hard-line Shanghai party boss now elevated to general secretary, seems, like many of his new colleagues, undistinguished and unlikely to reassure ei-

ther China's traumatized people or the outside world. Foreign businesses have not waited for official sanctions to cancel new investment projects, and international tourism, an important source of foreign exchange, has abruptly dried up.

Chinese society, from generals to village entrepreneurs, has a strong stake in expanding open commerce. The victorious hard-line faction, while continuing to consolidate its ascendancy brutally, makes clear that it eagerly seeks an early resumption of foreign investment and trade. In China as elsewhere, America's most effective long-term instrument of influence remains economic: high technology, exportable capital resources and consumer markets. Thus, although Beijing appears impervious to constructive foreign influence at the moment, the Bush administration policy of graduated, targeted sanctions makes long-term sense.

But the administration offers only half-hearted efforts to rally public support behind this approach. Not since a news conference three weeks ago has the president given voice to the public mood. As a result, his sensible policies are under fire in Congress.

Washington's ability to implement those policies over time will, to a large extent, depend on Mr. Bush's capacity to rally the country. The words are right; his policy is sound. What is missing is the music.

—THE NEW YORK TIMES.

Wrapped Up in the Flag

In the wake of the Supreme Court's finding that the Constitution protects flag burning, members of Congress are defiling Old Glory — by wrapping themselves in it.

Cheap appeals to voters' emotions insult their intelligence. The court ruled that the First Amendment guarantee of free speech applied to Gregory Johnson's torching of a flag on a Dallas street. There is a powerful difference between recognizing the law and approving conduct it might permit. The court understood that distinction; responsible political leaders would help explain it.

Instead, much of Washington appears determined to fustigate it up. Representative Ron Marleneo of Montana called the decision "treasonous," a "shot in the back" of marines who hoisted the Stars and Stripes at two Jima. House Speaker Tom Foley and the Senate majority leader, George Mitchell, a former federal judge who should know better, postured with speeches early as fatuous.

President George Bush says he understands the legal basis for the decision — without bothering to say what it is — "but I have to give you my personal, emotional response. Flag burning is wrong — dead wrong." He thus suggested, wrongly, that the Supreme Court said it was right.

On Monday he told The New York

Times that he was "very, very troubled" by the decision, "and maybe that goes back to one's own personal experience in life, too, being in the service and all, in combat."

However deeply veterans revere the flag, not all of them are necessarily outraged by the court's ruling.

Supreme Court justices are appointed for life precisely so that they can take the heat when the Constitution impels an unpopular ruling. That hardly makes heroes of the politicians who rail against them.

Yet not one House member rose to defend the court. Only Senators Howard Metzenbaum, Edward Kennedy and Gordon Humphrey voted against a precipitous Senate resolution condemning the decision. Mr. Humphrey, not up for re-election, had the candor to call it demagogic nonsense.

The spate of flag waving testifies, in an unfortunate way, to the symbolic power of the flag. Even more unfortunately, it attributes to Gregory Johnson the power to diminish the flag as a national symbol with his pathetic act of vandalism. The court conferred no such power. It said the flag endures as a cherished national emblem precisely because even such vile expressions are protected by the republic for which it stands.

—THE NEW YORK TIMES.

Other Comment

How to Help the Kurds

The Kurds, it seems, are destined to be either forgotten or persecuted. Iraq's President Saddam Hussein is their latest tormentor. He has already exacted grim vengeance on Iraq's Kurdish minority for the support it gave Iran during the Gulf War.

The Kurds are not blameless. Since the 1960s they have been in almost continuous insurrection against governments in Baghdad. The way to stop them threatening Iraq's stability is to treat them humanely and cultivate their loyalty. The same lesson will have to be learned by the governments of Turkey and Iran, whose repression of Kurdish minorities is equally misguided.

The world can do more than merely tut-tut about chemical warfare and a policy of mass deportations. Because Iraq needs Western technical help and credits to rebuild its postwar economy, Kurdish rights can be defended even without a Kurdish state. Western governments and companies have been falling over each other to offer

Iraq services and loans. Governments in particular should think again.

Iraq should be told that its continued access to Western assistance will be contingent on a big improvement in the way it treats its people, starting with the Kurds.

—THE ECONOMIST (London).

A Patch of Midterm Greenery

The Green tide requires some explaining. The obvious factors include a sharp increase in public awareness of environmental issues in Europe. But the Green vote is also a phantom phenomenon. The British party is so out of step with national sentiment — for example, it is against job-creating economic growth and for unilateral disarmament — that it seems implausible that 15 percent of the electorate would vote for the environmental party in a general election. In other words, Britain's "Green earthquake" is very much a midterm election phenomenon — the midterm greens, if you will.

—THE JAPAN TIMES (Tokyo).

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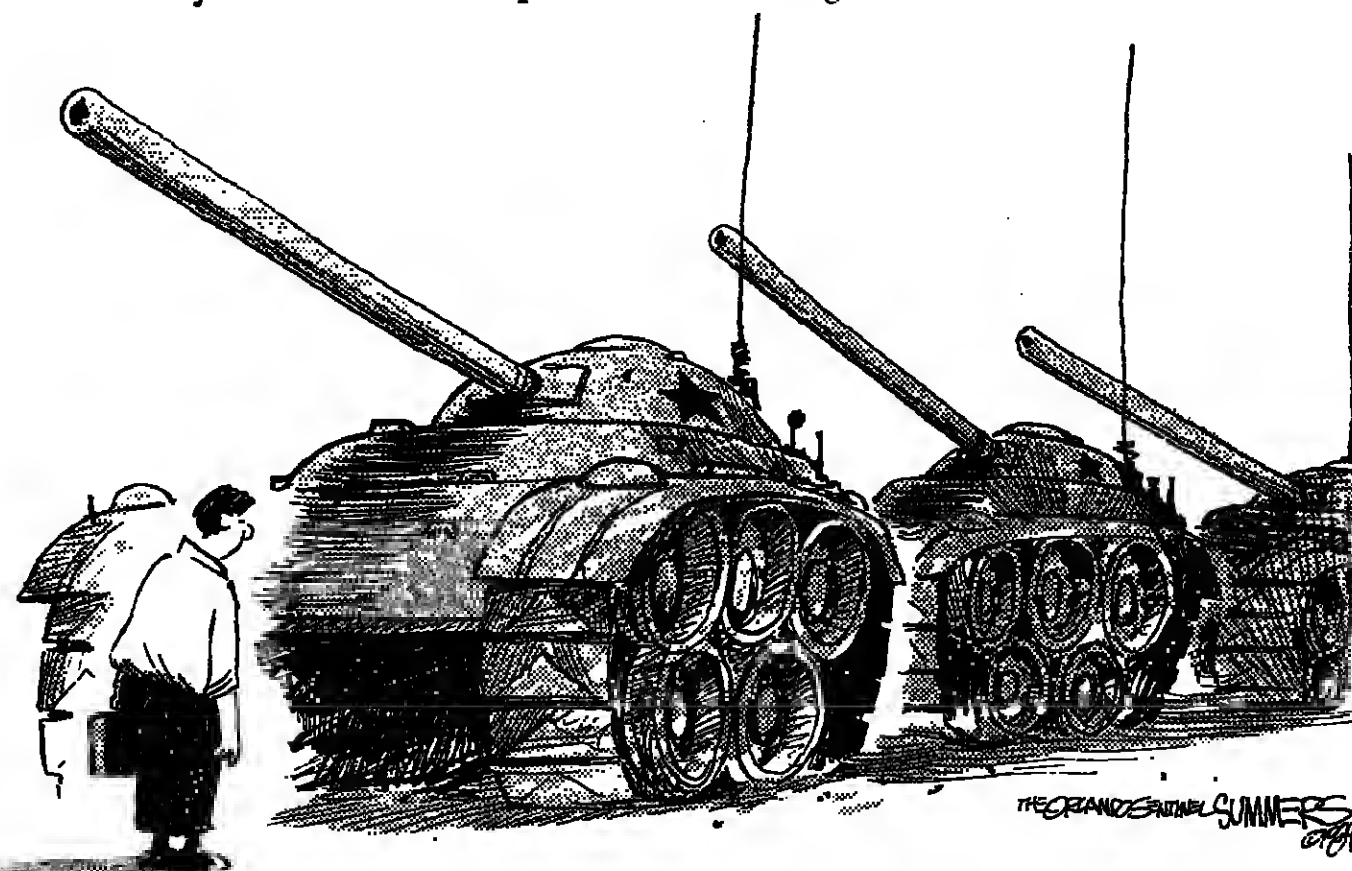
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OPINION

'Virtue is not left to stand alone. He who practices it will have neighbors.' — Confucius



Bush and China: When Friendship Isn't Enough

By David S. Broder

LONDON — A few nights before Christmas, the lights blazed bright at the Washington residence of the Chinese ambassador, Han Xu. After dinner, the guests went into the drawing room for an unexpected treat. Two members of the embassy staff led the company in singing Christmas carols. The singing was in both languages, and there was much laughter and jostling as the Americans stumbled over the phonetic Chinese in their song sheets and the Chinese tried to get their tongues around the accelerating English lyrics of "The 12 Days of Christmas."

It was a memorable scene, made more so by the fact that at the center of the circle, clearly enjoying the fun and fellowship, were Barbara Bush and her husband, the president-elect of the United States. This was a private occasion, not a state function. It was an invitation the Bushes chose to accept, from the hundreds available to them, because of their feeling for the ambassador and his wife and for China. It was, unmistakably, an evening of friendship, almost a family gathering, which ended with warm affirmations, on both sides, of a desire to share more such protocol-free gatherings during the Bushes' White House years.

That scene has returned often to mind as the president wrestled with his response to the sickening slide of events in Beijing. This is not just a foreign policy problem for Mr. Bush. It is not just a calculus of how to maintain opportunities for trade or a balance of power in Asia.

It does more than test his commitment to human rights against his recognition of the value of the Chinese state from which America monitors Soviet space and missile launches. It challenges him in a personal way.

China is the nation in the world, aside from the

United States, which has a strong hold on the affection of the Bushes. It was the one experience they found unreservedly enjoyable and uplifting in the decade of the 1970s, which began with his loss of a Senate race and ended with his defeat for the presidential nomination.

The interlude in Beijing was a delightful respite when compared to the experience as chairman of the Republican National Committee during Watergate. That came before the sojourn in Beijing as head of the U.S. liaison office. The rebuilding of the Central Intelligence Agency, after the Nixon-era scandals, came later.

Barbara Bush went cycling through the city and the countryside, making friends as she went. George Bush used the tennis court to meet people who would otherwise have been out of reach for an envoy to a government with which the United States did not have formal diplomatic relations.

Although they were called home early when President Gerald Ford needed help at the CIA, the Bushes were fondly remembered in Beijing. In the first year of the Carter administration, when few Americans imagined that Mr. Bush might have an important role in the nation's future, the Chinese extended hospitality. The Bushes were invited back, as private citizens, received by Deng Xiaoping and allowed to visit all the sites in the country they had requested to see — including Tibet. The traveling party included James Baker, now secretary of state, and James Lilley, now ambassador to China, so the Chinese knew what they were doing.

The Bushes went back to China several times

during his vice presidential years. Over the objections of some State Department bureaucrats, they dropped in on Beijing in the first month of Mr. Bush's presidency after attending Emperor Hirohito's funeral. To those officials who insisted that there should be a reason for visiting a Communist capital, and careful preparation for the talks, Mr. Bush replied, in effect, that he felt it would be rude to be in the neighborhood and not pay a call on old friends.

Friends have they plenty in Beijing, not only among the top officials but among the younger generation of bureaucrats who have served as escorts and translators for the Bushes and the many relatives and friends they have urged to visit China.

As some of those aging top officials order purges and public executions in an effort to stifle dissent, the Bushes' thoughts must turn to those younger Chinese friends, men and women the ages of their own children, people who must be cruelly trapped between their duties and careers on one side and their sympathies on the other.

The Bushes were never blind to the philosophical gulf between Communist ideology and the value system that underlies Americans' concept of democracy. They knew how tough a nut Deng Xiaoping had to be to survive. They also knew that there was a long Chinese tradition, which the Communists continued, of indifference to human life. But until now all their personal experiences with the Chinese had made them believe that friendship, freely given and eagerly reciprocated, could bridge those differences.

It must be hard — agonizingly hard — to recognize that it may not be the case.

The Washington Post.

Two World Wars and Still the Unfree Are Legion

By Francis Loewenheim

HOUSTON — On Monday, June 12, 1914, the world awoke to shocking news: The previous day in Sarajevo — capital of Bosnia, which Vienna had occupied since 1878 and annexed in 1908 — Archduke Francis Ferdinand, heir to the Habsburg throne, and his wife Sophie had been assassinated by a Bosnian student named Gavrilo Princip.

Thus began a chain of events that led in five weeks to Germany's Aug. 3 declaration of war on France, launching World War I.

To many contemporaries and not a few people today, the convulsion was senseless. The pre-1914 world represented peace and tranquility. That world, once shattered, was followed by the revolution in Russia, fascism in Italy and elsewhere, Hitler and World War II.

The debate about the assassination, the stability and collapse of empires, has never ceased. Was Sarajevo the result of a Serbian — or perhaps even Russian-sponsored conspiracy? Did imperial Germany, as some histori-

ans argue, take advantage of the opportunity to launch a long-desired war of continental expansion?

The available evidence about the Sarajevo era is probably inconclusive. Important pertinent documentation remains closed, and continues only slowly to be made public.

In many respects, Europe in 1914 was more liberal and enlightened than it had ever been. Yet from England to Russia, no country — save perhaps Switzerland — was free of deep and dangerous class and nationality antagonisms.

In particular, the smaller Slavic peoples, notably the Poles and Serbs, remained divided and occupied by foreign powers.

They desired what Italy and Germany had achieved decades earlier: independence and self-determination. They could call it their own. The southern Slavs especially were disinclined to wait much longer. The archduke's assassination was an expres-

sion of their pent-up anger and frustration.

The tears shed for Francis Ferdinand had little foundation in political reality. As the painstaking researches of the late Professor Robert A. Kann of Rutgers University have confirmed, the archduke's irascible and belligerent temper, as well as his rigidly conservative outlook, angered all for the future of the troubled Habsburg Empire and most non-Germans living under its authoritarian rule.

The assassination should not have been entirely surprising. As the Vienna authorities were doubtless aware, June 28 was Serbia's national day. Many Serbs were understandably affronted by the archduke's long-planned visit. He was in Sarajevo in his capacity as imperial viceroy of the Bosnian crown.

The Vienna government had reportedly received — but evidently chose to ignore — word of a possible plot against his life. With the exception of the United

States and Britain, all the great powers wanted major frontier rectifications in 1914.

There had been no major continental war since 1871. Now from Paris to St. Petersburg, the powers felt ready — or perhaps sufficiently desperate — to strike out in pursuit of ill-defined or quixotic war aims.

Field Marshal Franz Conrad von Hotzendorf, the powerful Austrian chief of staff, wrote later in his memoirs that the Sarajevo assassination was "a godsend, or rather a gift from Mars."

Fearing for their future existence, the Habsburgs, Hohenzollerns and Romanovs became entangled in an unprecedented conflict that ultimately destroyed them and their empires.

Before the war ended in November 1918, it killed and wounded tens of millions, and cost hundreds of billions of dollars.

In a very real sense, Europe never recovered.

In 1917 and 1918, President Woodrow Wilson, whose last-minute peace efforts the European powers had foolishly spurned in 1914, tried to lead a liberal reconstruction of the Old World designed to correct or at least improve the conditions that had produced the war.

His effort failed, and an isolationist America withdrew from the European scene for two decades — until forced back by the next war. It, too, had begun at Sarajevo.

Today, 75 years after Sarajevo, Poles and Serbs still lack freedom. So do many others around the world — but the idea of human freedom is far from dead.

The writer, a professor of history at Rice University, contributed this to the International Herald Tribune.

100, 75 AND 50 YEARS AGO

1889: Salvation's Martyr

LONDON — The Salvation Army is in its glory. General Booth, with the flower and chivalry of his organization, welcomed the return of a martyr, Miss Sterling, from prison. She has been entombed in one of the most celebrated dungeons in Europe. Chillon. Byron sang of the horrors of its corroding prison cells, deep under the waters of a lake. The Swiss Government found her holding Salvation Army meetings in the streets of Geneva, and, fearing she might convert the police, she was flung into Chillon Castle. Miss Sterling was released, however, as her appetite was good, and the Swiss are not losing money on prisoners if they can help it (strangling and beheading having gone out of fashion). The brave girl was given a wild ovation as she arrived in London.

1914: Greeks for Peace

CONSTANTINOPLE — The Greek reply to the Turkish Note was hand-

Disarming: Verify First, Then Trust

By Richard G. Lugar

The writer, a Republican senator from Indiana, is co-chairman of the Senate Arms Control Observer Group.

WASHINGTON — As negotiators resume the strategic arms reduction talks in Geneva, the issue of verification assumes enormous importance. Nowhere is this truer than in the Senate, which must approve a START treaty. That treaty will be more complicated than the treaty on intermediate-range nuclear forces, ratified in 1988, and will demand more stringent guarantees against violations.

George Bush has proposed a new approach to the challenge of ensuring effective verification, and, just as important, to building confidence in the Senate that any potential Soviet strategic violations will be caught.

Adopting Ronald Reagan's arms control maxim "Trust but verify," he has put forward a "Try before you buy" concept. It asks both sides to begin implementing some verification measures before a strategic arms treaty is fully completed.

Critics charge that the proposal is just a smoke screen, a new element injected into the talks to delay agreement on a treaty. But in an era when arms reductions magnify the danger of undetected violations, and when the deployment of smaller and more mobile missiles makes it harder to detect cheating, the president's plan reflects political realities in the Senate in the post-INF period.

The strength of the 92-5 vote approving the treaty on intermediate-range nuclear forces was deceptive. Behind that vote lay serious concerns about the verifiability of various treaty provisions. Many senators used the debate on the INF treaty to lay down verification markers with respect to any future START treaty.

Overlooked in the euphoria of the INF treaty's ratification was the sober letter from the chairman and vice chairman of the Senate Intelligence Committee, outlining the need for stringent verification measures for any future agreements.

The six verification measures proposed by the Bush administration seem intrusive — and they are.

An exchange of nuclear weapons data, trial monitoring of mobile-missile factories, direct inspection of missile warheads, a ban on encoding data from missile flight tests and a demonstration of weapon tags to ease verification may be tough for the Soviets and for the United States to work out.

Soviet proposals involving weapons systems that we do not want covered by a START treaty, such as sea-launched cruise missiles, or verification measures that we might consider too intrusive will meet resistance here.

Both sides reserve the right to say no to any verification proposals. An arms control agreement, and eventual Senate ratification, will be eased by a thorough discussion and advance testing of potential verification measures.

The temptation has always been present to complete negotiation of substantive arms control issues and numbers and then, under pressure of wrapping up the talks, to cut corners on verification procedures. SALT-2 was discredited by verification problems. The Senate refused to ratify two nuclear testing treaties signed in the 1970s sent U.S. and Soviet officials back to the negotiating table, where they are still trying to work out an acceptable verification regime.

Both the Soviets and the United States have good reason to tackle verification promptly — long before the push toward endgame decisions.

The Soviets should welcome the interim testing of verification measures designed to foster confidence in the ultimate treaty provisions.

During the INF ratification debate, the Senate sent the administration back to the Soviets several times for clarifications, often in the form of notes, which were subsequently made a formal part of the INF treaty.

In talks with Soviet leaders as well as negotiators, it will be the task of the Senate Arms Control Observer Group, of which I am co-chairman, to remind Soviet negotiators about American constitutional procedures.

It takes only 34 senators to scuttle a treaty. For a complicated but potentially historic START treaty, sufficient confidence in effective verification measures may be necessary before the Senate agrees even to start debate.

"Trust but verify" may have originally been a concept directed toward Moscow. But if President Bush's verification initiative is designed as a confidence building measure directed toward the Soviets, it is also an important confidence building measure directed toward the Senate.

The New York Times.

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Writes
Furor

MEDIA MARKETS

**Spurred by Competition,
TV Guide to Try Synergy**

By RANDALL ROTHENBERG
New York Times Service

NEW YORK — "Synergy" may be the communications industry's most overused term and underused concept — except by the media mogul Rupert Murdoch, who has made TV Guide his synergy central. In late April, Mr. Murdoch's News Corp. began placing free-standing inserts — those coupon collections normally found in Sunday newspapers and known in the business as FSI's — inside its weekly television directory. The move joined TV Guide with two of the Murdoch organization's other media holdings, Quad Marketing Inc. and Product Movers Inc., both of which deal in FSI's.

**Other Rupert
Murdoch media
holdings will join
TV Guide's new ad
campaign.**

"We'd like to find ways to go to large advertisers and present multimedia, multinational packages," said Joseph W. Cee, TV Guide's president. "We believe there are synergies."

N.W. Ayer, TV Guide's advertising agency, has launched a new trade ad campaign featuring young affluent-looking readers, and using the slogan, "Turn on the TV Guide." The aim is to lure ads in categories the magazine has been slow to crack, such as food, consumer electronics and cosmetics.

Although still the largest paid-circulation magazine in the United States, TV Guide's circulation rate base has declined to 15.8 million, down from 16.4 million in 1986. For the first time in its 36-year history, the magazine is experiencing strong competition from newer journals, such as The Cable Guide, and from separate television directories placed in Sunday newspapers.

To enhance TV Guide's value to advertisers and readers in the face of this competition, the Murdoch people seem committed to advance the concept of what advertising people call "cross-selling." Not only will TV Guide contain a coupon insert, but it will also have a section, of 8 to 16 pages, with recipes using the coupon products.

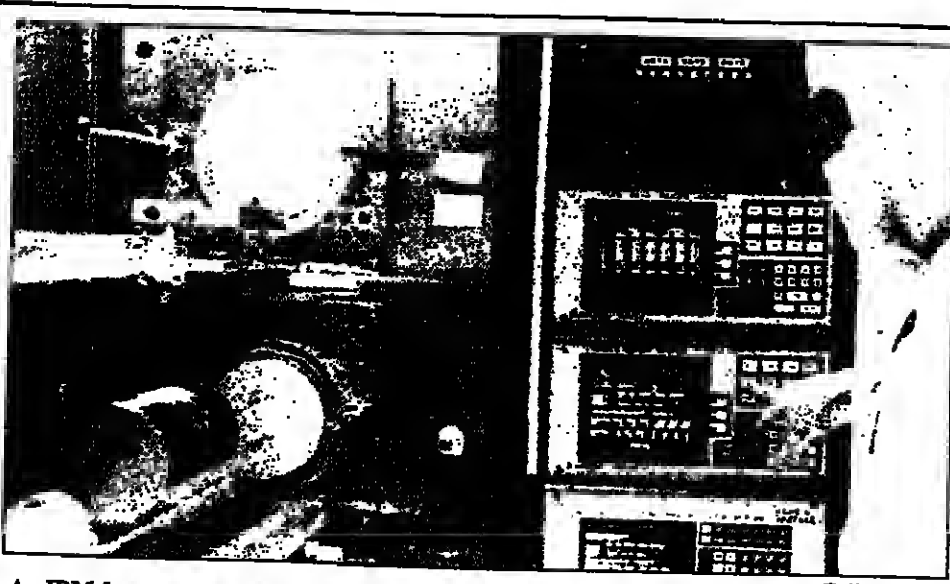
Although the concept sounds simple, Mr. Cee pointed out that selling it to advertisers requires precise coordination. The performed recipe cards are considered advertising and will be sold by TV Guide's ad sales staff. Coupons, however, are generally the province of a manufacturers' sales promotion departments; sales people from Quad Marketing must call on them.

SOON, TELEVISION will be integrated into the Murdoch ad packages, Mr. Cee said. For companies such as Sears, Roebuck & Co. and Coca-Cola Co., the organization offers hundreds of commercials on the Fox network as well as FSI's and advertising in TV Guide, and perhaps ads in other Murdoch magazines, which include Soap Opera Digest, The Star and New Woman.

AC&R Advertising, already the agency for the Pirelli Tire Corp., has added the Armstrong Tire Co. to its roster. Pirelli SpA of Italy acquired Armstrong last year, and although the Pirelli Armstrong Tire Corp. is now one company, the two accounts will be handled separately and will apparently bill in the \$10 million range. The work will be done at AC&R/CCL, the agency's branch in Irvine, Calif.

Fifty years ago this week, 22 passengers traveled from New York to Lisbon aboard the Pan American World Airways Dixie Clipper — the first commercial flight between the United States and Europe.

To mark the occasion, the Portuguese National Tourist Board will take out a full-page newspaper ad proclaiming Portugal as the country "Where Europe meets the Atlantic." The ad was created by the tourist board's agency, Sherwood & Schneider.



An IBM four-megabit chip production facility. The company has begun stockpiling the chips.

IBM Gains Edge in Chips

U.S. Giant Leads Japan in Output of 4-Megabit Units

By John Markoff
New York Times Service

NEW YORK — International Business Machines Corp.'s newly disclosed lead in the manufacturing of a high-capacity chip could give the computer giant a significant advantage over its competitors at a time of transition to powerful systems that require large amounts of computer memory.

IBM's president, Jack D. Kuehler, said last week that the company was already in volume production of chips that store four million pieces of information each, four times the amount stored by the densest chips currently available.

Analysts said the fact that the company was stockpiling the chips indicated that IBM was more than half a year ahead of its Japanese competition in making the newest generation of computer-memory chips.

Although Japanese computer makers have already announced four-million-bit, or four-megabit, chips, they are behind IBM in being able to reliably produce large volumes of them.

But industry executives said IBM needed to exercise caution because manufacturing these high-capacity chips was still very much a black art. Even though a new manufacturing process may initially appear successful, such progress may be illusory.

A former IBM executive, who asked not to be identified, said that the company suffered in the last generation of one million-bit memory chips when a manufacturing process that engineers thought proven suddenly deteriorated at several manufacturing locations. During the computer memory shortage, from late 1987 well into the next year, the company had to struggle to bring back its memory chip capacity.

The internal memory shortage pitted different IBM product groups against each other, he said. The company was forced to allocate chips among its high-end and desktop products.

IBM is in a better position, he added. "People learned the last time around, when they were dependent on one-megabit chips."

The denser memory chips are already useful for the most powerful desktop and mainframe computers. As their cost falls, they also will show up in other consumer products.

"Semiconductor memory is as important to computer makers as wheat is to bakers," said Robert Noyce, a founder of the Intel Corp. and now the head of the U.S. semiconductor industry's development consortium, Sematech.

The lead in the four-megabit chip "will give IBM a major advantage in the desktop revolution," said Millard H. Phelps, an analyst at Hambrecht & Quist Inc., a San Francisco-based investment firm. "Their computers will go faster, they will be more compact and they will execute their software more quickly."

**Pickens's Return
Stirs Tokyo Fears**

By David E. Sanger
New York Times Service

TOKYO — When T. Boone Pickens shows up at the annual meeting of Koito Manufacturing Co. on Thursday morning as its largest and most unwelcome shareholder, Tokyo will be braced for trouble.

Mr. Pickens undoubtedly will start asking hard questions about management.



T. Boone Pickens

Koito and the Tokyo police press another fear, however. They say the Texas oilman and corporate raider could quickly be interrupted by the appearance of sokaiya, thugs who specialize in disrupting annual meetings.

Some of the sokaiya are expected to back management, others will defend Mr. Pickens. A staged fight will break out and police will rush in. The volatile Mr. Pickens will be drowned out, and Koito deeply embarrassed.

Whether any part of this scenario comes to pass, as so darkly hinted by Koito management, is anyone's guess. Its mere prediction is the latest sign of how much chaos, fear, behind-the-scenes maneuvering and byzantine conspiracy theories the flamboyant Mr. Pickens has touched off since he acquired a 20.2 percent stake in one of the major suppliers of Toyota Motor Co., and then unsuccessfully demanded seats on its board.

Mr. Pickens says his fight with Koito is about invisible trade barriers, and he claims to be spearheading an effort to make the closed, interwoven world of corporate Japan as open to American investors as America is to the Japanese.

Koito, he suggests, is poorly run, overly dependent on Toyota and inefficient.

With his Texas drawl and talk about shareholder rights, he has denounced Japan's fear of foreign investors and sought the support of congressmen and influential officials in the administration of President George Bush.

In Tokyo, the Pickens-Koito fight is being advertised very differently. He is portrayed here as a veteran corporate raider with U.S. political ambitions. Mr. Pickens has hinted that he may run for governor of Texas, and many on the Tokyo scene suspect a good fight with the Japanese might not hurt his candidacy.

Moreover, Koito and Toyota suggest that Mr. Pickens is being unwittingly manipulated by the Japanese underworld, and that he bought his stock from investors whose true motives and shady background he does not understand.

"He is not a stupid man," an advisor to Koito said. "But Japan is a very complicated place."

Complicated though it may be, Tokyo has never seen a corporate fight like this one. The sokaiya have been an institution for years, shaking down companies with the threat of asking interminable questions at annual meetings unless they are paid off.

**Phone
Talks
Collapse**

**U.S. Fails to End
Japan Dispute**

WASHINGTON — Talks between the United States and Japan over telecommunications trade broke down on Tuesday after a marathon bargaining session failed to forge an accord.

Japan's top negotiator in the dispute, Ichiro Ozawa, said that no new negotiations are scheduled. "Japan made a last-ditch proposal to the U.S.," but the two sides could not reach an agreement, Mr. Ozawa said.

The United States has threatened to take retaliatory measures against Japan if the dispute is not settled by July 10. It wants greater access to the Japanese market for mobile telephones for U.S. companies such as Motorola Inc.

"The new Japanese proposal was very constructive," said S. Linn Williams, the deputy U.S. trade representative. Unfortunately, he said, "we could not find enough to close the gap between the countries."

U.S. officials said that talks could resume soon. Japanese officials cited two sticking points in the talks. One was that the United States wanted Japan to say which radio band would be allocated to Motorola to allow its mobile telephones to operate widely in Tokyo and Nagoya.

Japanese officials said they were unable to specify the band because of overcrowding of the airwaves.

The other problem was the U.S. demand to introduce Motorola's hand-held cellular phones into the Japanese market.

Japan proposed that U.S. phones be modified with new equipment to allow them to operate in Tokyo and Nagoya, while the United States insisted on introducing the telephones without any new equipment.

The United States last month cited Japan, Brazil and India as indulging in unfair trading practices, under the so-called Super 301 section of the 1988 trade act.

Currency Rates

Cross Rates	June 27
Amsterdam	1.224
Brussels	1.224
Frankfurt	1.224
London	1.224
Paris	1.224
Stockholm	1.224
Switzerland	1.224
West Germany	1.224
Japan	1.224
Italy	1.224
Spain	1.224
Sweden	1.224
Denmark	1.224
Netherlands	1.224
Belgium	1.224
Australia	1.224
New Zealand	1.224
South Africa	1.224
India	1.224
Singapore	1.224
Malaysia	1.224
Thailand	1.224
Philippines	1.224
Indonesia	1.224
Maldives	1.224
Brunei	1.224
Sri Lanka	1.224
Bangladesh	1.224
Pakistan	1.224
Myanmar	1.224
Laos	1.224
Cambodia	1.224
Vietnam	1.224
North Vietnam	1.224
South Vietnam	1.224
East Germany	1.224
West Germany	1.224
Poland	1.224
Czech Republic	1.224
Slovak Republic	1.224
Hungary	1.224
Romania	1.224
Bulgaria	1.224
Soviet Union	1.224
U.S.S.R.	1.224
Yugoslavia	1.224
Croatia	1.224
Slovenia	1.224
Serbia	1.224
Montenegro	1.224
Bosnia and Herzegovina	1.224
Herzegovina	1.224
Albania	1.224
Greece	1.224
Turkey	1.224
Israel	1.224
Jordan	1.224
Lebanon	1.224
Syria	1.224
Libya	1.224
Sudan	1.224
Egypt	1.224
Saudi Arabia	1.224
Qatar	1.224
U.A.E.	1.224
Oman	1.224
Yemen	1.224
Maldives	1.224
Brunei	1.224
Sri Lanka	1.224
Bangladesh	1.224
Pakistan	1.224
Myanmar	1.224
Laos	1.224
Cambodia	1.224
Vietnam	1.224
North Vietnam	1.224
South Vietnam	1.224
East Germany	1.224
West Germany	1.224
Poland	1.224
Czech Republic	1.224
Slovak Republic	1.224
Hungary	1.224
Romania	1.224
Bulgaria	1.224
Soviet Union	1.224
U.S.S.R.	1.224
Yugoslavia	1.224
Croatia	1.224
Slovenia	1.224
Serbia	1.224
Montenegro	1.224
Bosnia and Herzegovina	1.224
Herzegovina	1.224
Albania	1.224
Greece	1.224
Turkey	1.224
Israel	1.224
Jordan	1.224
Lebanon	1.224
Syria	1.224
Libya	1.224
Sudan	1.224
Egypt	1.224
Saudi Arabia	1.224
Qatar	1.224
U.A.E.	1.224
Oman	1.224
Yemen	1.224

Other Dollar Values	June 27
Australia	1.224
Canada	1.224
France	1.224
Germany	1.224
Italy	1.224
Japan	1.224
Netherlands	1.224
Sweden	1.224
Switzerland	1.224
U.K.	1.224
U.S.	1.224
West Germany	1.224
Yugoslavia	1.224

Forward Rates	June 27
1 month	1.224
3 months	1.224
6 months	1.224
1 year	1.224

Interest Rates	June 27
1 month	1.224
3 months	1.224
6 months	1.224
1 year	1.224

Key Money Rates June 27	June 27
1 month	1.224
3 months	1.224
6 months	1.224
1 year	1.224

Asian Dollar Deposits	June 27
1 month	1.224
3 months	1.224
6 months	1.224
1 year	1.224

U.S. Money Market Funds	June 27
1 month	1.224
3 months	1.224
6 months	1.224
1 year	1.224

Gold	June 27
1 ounce	1.224
100 ounces	1.224
1 ton	1.224

**U.K. Deficit
Narrowed
Last Month**

Compiled by Our Staff From Dispatches

LONDON — Britain's balance of payments deficit narrowed to £1.52 billion (\$2.04 billion) in May from £1.76 billion in April, easing pressure on the government to increase interest rates.

The Department of Trade and Industry said Tuesday the merchandise trade deficit of £1.72 billion in May was offset by a surplus of £400 million on invisible items such as insurance and banking.

The figures were significantly better than expected. Economists had forecast an overall deficit of between £1.7 billion and £2 billion.

The announcement of the trade figures halted the pound's steady slide against the dollar, and the British unit rose to \$1.5660 from \$1.5450. The pound rose more than two pence against the Deutsche mark to reach 3.0523, as the Bank of England intervened to further bolster its currency.

On the London Stock Exchange, the Financial Times 100-stock index jumped 26.8 points, to 2,206.4. The trade figures showed record British exports in May worth £7.6 billion, up 6 percent from April, while imports were stable at £9.3 billion.

Another bad set of figures could have forced the chancellor of the Exchequer, Nigel Lawson, to push bank base interest rates above their current level of 14 percent, with the risk of sending the economy into recession.

The trade spokesman for the opposition Labor Party, Bryan Gould, acknowledged that the deficit was not as bad as had been feared but said Britain was still heading for a record £18 billion trade gap for the year.

"The fundamentals of Lawson's predicament have not changed," he said. "It is increasingly clear we cannot sustain a trade position as weak as this and a balance of payments deficit as bad as this."

The government estimated the current account deficit in the first five months of the year at £7.91 billion. The visible trade deficit from January to May was at £9.74 billion, it said.

The £7.58 billion total for exports in May was a record and 6 percent higher than in April. Oil exports fell £89 million but exports of erratic items rose £243 million, the department said. Excluding oil and erratic items, exports rose 4.5 percent in May.

Total imports were little changed from April. Oil imports were also little changed, but imports of erratic items increased by £123 million. Excluding oil and erratic items, imports fell by 1.5 percent in May.



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Tuesday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

(Continued)

Symbol	Price	Change
IBM	111.125	+0.125
Microsoft	68.125	+0.125
Apple	44.125	+0.125
Oracle	34.125	+0.125
Sun	24.125	+0.125
Novell	14.125	+0.125
Lotus	11.125	+0.125
Intuit	9.125	+0.125
Visa	7.125	+0.125
MasterCard	6.125	+0.125
Amex	5.125	+0.125
Discover	4.125	+0.125
Bank of America	3.125	+0.125
Wells Fargo	2.125	+0.125
Citigroup	1.125	+0.125
JPMorgan	0.125	+0.125

Symbol	Price	Change
AT&T	44.125	+0.125
Verizon	34.125	+0.125
Sprint	24.125	+0.125
WorldCom	14.125	+0.125
Qwest	11.125	+0.125
Level 3	9.125	+0.125
Southwest	7.125	+0.125
Delta	6.125	+0.125
United	5.125	+0.125
American	4.125	+0.125
Allegiant	3.125	+0.125
JetBlue	2.125	+0.125
Spirit	1.125	+0.125
Frontier	0.125	+0.125

Symbol	Price	Change
Exxon	44.125	+0.125
Shell	34.125	+0.125
BP	24.125	+0.125
Amoco	14.125	+0.125
Conoco	11.125	+0.125
Phillips	9.125	+0.125
Marathon	7.125	+0.125
Valero	6.125	+0.125
Energy East	5.125	+0.125
Energy West	4.125	+0.125
Energy Services	3.125	+0.125
Energy Transfer	2.125	+0.125
Energy Partners	1.125	+0.125
Energy Infrastructure	0.125	+0.125

Symbol	Price	Change
General Electric	44.125	+0.125
Westinghouse	34.125	+0.125
Lockheed Martin	24.125	+0.125
Boeing	14.125	+0.125
Raytheon	11.125	+0.125
Northrop Grumman	9.125	+0.125
Orion	7.125	+0.125
Boeing Defense	6.125	+0.125
Boeing Commercial	5.125	+0.125
Boeing Capital	4.125	+0.125
Boeing International	3.125	+0.125
Boeing Asia	2.125	+0.125
Boeing Europe	1.125	+0.125
Boeing Africa	0.125	+0.125

Symbol	Price	Change
Johnson & Johnson	44.125	+0.125
Pfizer	34.125	+0.125
Merck	24.125	+0.125
Novartis	14.125	+0.125
Roche	11.125	+0.125
Schering-Plough	9.125	+0.125
Abbott	7.125	+0.125
Amgen	6.125	+0.125
Genentech	5.125	+0.125
Regeneron	4.125	+0.125
Moderna	3.125	+0.125
Vertex	2.125	+0.125
Bluebird	1.125	+0.125
Moderna	0.125	+0.125

Symbol	Price	Change
Alcoa	44.125	+0.125
Aluminum	34.125	+0.125
Steel	24.125	+0.125
Iron	14.125	+0.125
Copper	11.125	+0.125
Nickel	9.125	+0.125
Zinc	7.125	+0.125
Lead	6.125	+0.125
Silver	5.125	+0.125
Gold	4.125	+0.125
Platinum	3.125	+0.125
Palladium	2.125	+0.125
Rhodium	1.125	+0.125
Iridium	0.125	+0.125

Floating-Rate Notes

June 27

Issuer/Note	Coupon	Next	Bid	Ask
Bank of America	3.125	7/1/89	100.125	100.125
Wells Fargo	3.125	7/1/89	100.125	100.125
Citigroup	3.125	7/1/89	100.125	100.125
JPMorgan	3.125	7/1/89	100.125	100.125
AT&T	3.125	7/1/89	100.125	100.125
Verizon	3.125	7/1/89	100.125	100.125
Sprint	3.125	7/1/89	100.125	100.125
WorldCom	3.125	7/1/89	100.125	100.125
Qwest	3.125	7/1/89	100.125	100.125
Level 3	3.125	7/1/89	100.125	100.125

Issuer/Note	Coupon	Next	Bid	Ask
Exxon	3.125	7/1/89	100.125	100.125
Shell	3.125	7/1/89	100.125	100.125
BP	3.125	7/1/89	100.125	100.125
Amoco	3.125	7/1/89	100.125	100.125
Conoco	3.125	7/1/89	100.125	100.125
Phillips	3.125	7/1/89	100.125	100.125
Marathon	3.125	7/1/89	100.125	100.125
Valero	3.125	7/1/89	100.125	100.125
Energy East	3.125	7/1/89	100.125	100.125
Energy West	3.125	7/1/89	100.125	100.125

Deutsche Marks

Issuer/Note	Coupon	Next	Bid	Ask
Bank of America	3.125	7/1/89	100.125	100.125
Wells Fargo	3.125	7/1/89	100.125	100.125
Citigroup	3.125	7/1/89	100.125	100.125
JPMorgan	3.125	7/1/89	100.125	100.125
AT&T	3.125	7/1/89	100.125	100.125
Verizon	3.125	7/1/89	100.125	100.125
Sprint	3.125	7/1/89	100.125	100.125
WorldCom	3.125	7/1/89	100.125	100.125
Qwest	3.125	7/1/89	100.125	100.125
Level 3	3.125	7/1/89	100.125	100.125

Pounds Sterling

Issuer/Note	Coupon	Next	Bid	Ask
Bank of America	3.125	7/1/89	100.125	100.125
Wells Fargo	3.125	7/1/89	100.125	100.125
Citigroup	3.125	7/1/89	100.125	100.125
JPMorgan	3.125	7/1/89	100.125	100.125
AT&T	3.125	7/1/89	100.125	100.125
Verizon	3.125	7/1/89	100.125	100.125
Sprint	3.125	7/1/89	100.125	100.125
WorldCom	3.125	7/1/89	100.125	100.125
Qwest	3.125	7/1/89	100.125	100.125
Level 3	3.125	7/1/89	100.125	100.125

Japanese Yen

Issuer/Note	Coupon	Next	Bid	Ask
Bank of America	3.125	7/1/89	100.125	100.125
Wells Fargo	3.125	7/1/89	100.125	100.125
Citigroup	3.125	7/1/89	100.125	100.125
JPMorgan	3.125	7/1/89	100.125	100.125
AT&T	3.125	7/1/89	100.125	100.125
Verizon	3.125	7/1/89	100.125	100.125
Sprint	3.125	7/1/89	100.125	100.125
WorldCom	3.125	7/1/89	100.125	100.125
Qwest	3.125	7/1/89	100.125	100.125
Level 3	3.125	7/1/89	100.125	100.125

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E.C.U.

Issuer/Note	Coupon	Next	Bid	Ask
Bank of America	3.125	7/1/89	100.125	100.125
Wells Fargo	3.125	7/1/89	100.125	100.125
Citigroup	3.125	7/1/89	100.125	100.125
JPMorgan	3.125	7/1/89	100.125	100.125
AT&T	3.125	7/1/89	100.125	100.125
Verizon	3.125	7/1/89	100.125	100.125
Sprint	3.125	7/1/89	100.125	100.125
WorldCom	3.125	7/1/89	100.125	100.125
Qwest	3.125	7/1/89	100.125	100.125
Level 3	3.125	7/1/89	100.125	100.125

NYSE Highs-Lows

Symbol	High	Low
IBM	111.125	110.125
Microsoft	68.125	67.125
Apple	44.125	43.125
Oracle	34.125	33.125
Sun	24.125	23.125
Novell	14.125	13.125
Lotus	11.125	10.125
Intuit	9.125	8.125
Visa	7.125	6.125
MasterCard	6.125	5.125
Amex	5.125	4.125
Discover	4.125	3.125
Bank of America	3.125	2.125
Wells Fargo	2.125	1.125
Citigroup	1.125	0.125
JPMorgan	0.125	0.125

AMEX Highs-Lows

Symbol	High	Low
Alcoa	44.125	43.125
Aluminum	34.125	33.125
Steel	24.125	23.125
Iron	14.125	13.125
Copper	11.125	10.125
Nickel	9.125	8.125
Zinc	7.125	6.125
Lead	6.125	5.125
Silver	5.125	4.125
Gold	4.125	3.125
Platinum	3.125	2.125
Palladium	2.125	1.125
Rhodium	1.125	0.125
Iridium	0.125	0.125

Japanese Yen

Issuer/Note	Coupon	Next	Bid	Ask
Bank of America	3.125	7/1/89	100.125	100.125
Wells Fargo	3.125	7/1/89	100.125	100.125
Citigroup	3.125	7/1/89	100.125	100.125
JPMorgan	3.125	7/1/89	100.125	100.125
AT&T	3.125	7/1/89	100.125	100.125
Verizon	3.125	7/1/89	100.125	100.125
Sprint	3.125	7/1/89	100.125	100.125
WorldCom	3.125	7/1/89	100.125	100.125
Qwest	3.125	7/1/89	100.125	100.125
Level 3	3.125	7/1/89	100.125	100.125

YVES SAINT LAURENT

PARIS

A SHARE IN THE MYTH

WHEN you put something on from Yves Saint Laurent's couture, there is an immediate sensual experi-

ence: everything, no matter what it's made of, is always lined in silk satin. That detail is emblematic of his total attitude toward women.

He wants to spoil them, to envelop them in the pleasure of his clothes. He is also very protective.

Saint Laurent designs for women with double lives. His day clothes help a woman confront the world of strangers. They permit her to go everywhere without drawing unwelcome attention, and with their somewhat masculine quality, they give her a certain force, prepare her for encounters that may become a conflict of wills. In the evening, when a woman chooses to be with those she is fond of, he makes her seductive.

Behind this impulse to serve a modern woman, to accommodate her life, there is a modesty which is all

the more apparent when Yves Saint Laurent designs for the cinema. Some designers make sure their clothes are always identifiable when they do clothes

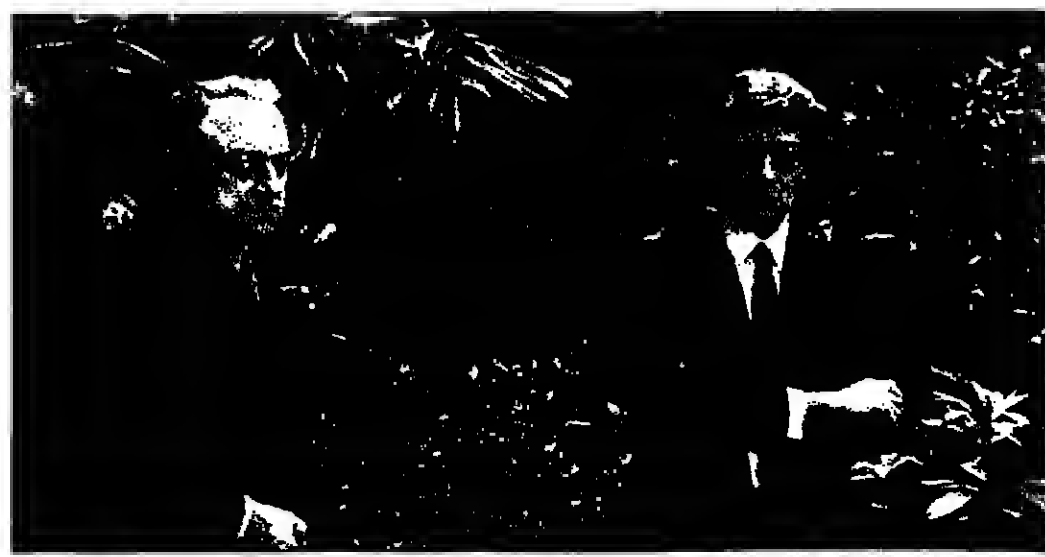
for a film. Saint Laurent carefully reads the script, and with his clothes he creates an important expression of the role and even of the scene. That is what he is all about: expression. Some designers do clothing that is merely color and shape; his always says something.

My admiration for Saint Laurent has helped me to develop. He has something that makes me respond to my ideal of a woman. We've had a very special friendship for 20 years and I've enjoyed sharing the myth that is YSL.

Catherine Deneuve



Yves Saint Laurent became an acknowledged force in fashion following his first collection for Christian Dior in 1958.



Pierre Bergé and Yves Saint Laurent began their successful business relationship a quarter century ago.

BLUE-CHIP FASHION

On July 6, the house of Yves Saint Laurent will once again make history. Twenty-eight years after launching a label that is synonymous with creativity, craftsmanship and business acumen, Yves Saint Laurent will become a public company. President and long-time partner Pierre Bergé discusses how the innovative, prolific work of a shy young prodigy developed into the world's first blue-chip fashion empire.

YVES Saint Laurent shares can be purchased on the French stock market next week. What is the rationale behind a public offering at this time?

We are selling stock, which will amount to about 10 percent of the company, following a corporate restructuring for which the company raised more than \$150 million. New investors joined, proving their confidence in us.

The company was transformed into a "société en commandite par actions," which separates management from the control of the capital. The management is controlled entirely by a company that func-

tions like a trustee in a foundation. Yves and I hold a third of the issued capital stock. I don't believe in family affairs that might end with the death or disappearance of a particular personality. We have an obligation to our employees and customers to make the concern outlast us.

This is the first time a fashion company is introduced on the French stock market, a revolutionary step that would have been unthinkable even a decade ago. It's a real test of our worth and it will be interesting to see how the market evaluates us.

From two small rooms on the Rue la Boétie in 1961 to the Bourse in 1989, we've come a long way.

(Continued on Page IV)

THE SAINT

SAINTE LAURENT brought youth back into fashion. His designs are comfortable, stylish and sexy. The tuxedo, which was my first YSL acquisition, has played a big part in my theatrical history. I can't thank him enough for making trousers fashionable again.

Today I buy YSL haute couture and ready-to-wear clothes every season. They are clothes you wear, not clothes that wear you. They're tailored yet simple and fun. They give me a personal security and serenity because I know I'll look right whether I'm on stage, going to a party or having quiet dinner. — Liza Minnelli



A STOCK THAT WEARS WELL



YVES Saint Laurent is in his Paris atelier intently at work on the haute couture collection he will unveil at the end of July. Across the hall hangs Andy Warhol's 1972 oil painting of the renowned couturier and in a nearby office, company president Pierre Bergé is conducting business with an official Chinese delegation.

Downstairs, Yves' mother, Lucienne Saint Laurent, has just dropped off an ensemble with the receptionist, who sits at the top of a green carpeted staircase between the haute couture showroom and an ornate boutique featuring elegant scarves, purses, gloves, fantasy jewelry and other accessories. But it is the prolific Saint Laurent, working day-to-day among 380 employees amidst a warren of studios, who sets the pace at 5 Avenue Marceau.

Dressed in a white smock and looking much younger than his 52 years, the bespectacled designer transforms his sketched inspiration into the next fashion trend on a coming-to-life mannequin with the help of half a dozen assistants. One aide rushes downstairs to fetch some brightly colored fabric purchased in France, Italy or Switzerland. Another works on YSL-designed hats, gloves and shoes that will be coordinated with the season's look.

Today there is none of the panic or disorder that regularly descends on the eve of the haute couture collection. Just an atmosphere of intense creativity.

"Each time I am in anguish of not being up to the expectations of the critics and, more important, not being equal to

the task itself, not being able to create, waiting for three weeks out of four for the click that sets my fantasies in motion," Saint Laurent confided. "But fashion is a kind of vitamin for style. It stimulates you, gets you going. I like to watch the way a model moves in my clothes, the way she gives them life."

Saint Laurent has been wowing the fashion world for more than thirty years. It was just over two decades ago that he created a ready-to-wear line that made designer fashion accessible to a wider public at more reasonable prices than traditional haute couture. Today Saint Laurent is synonymous with creativity, durability and consistency and his name carries more prestige than any other in the fashion world.

When the current colorful collection was unveiled to 1,600 fashion critics and buyers in the courtyard of the Louvre, it once again prompted enough adjectives to fill a thesaurus. These same ready-to-wear fashions, manufactured at a high-tech facility in Angers, France, will soon be sold through 140 Yves Saint Laurent Rive Gauche shops in 20 countries from the Place Saint Sulpice in Paris to Madison Avenue in New York. In each boutique, the creations are presented to the public in the concept of the collection. A dress starts at about \$1,000 and accessories account for about 15 percent of an outfit's total sales.

With the ready-to-wear collection behind him, and the prototypes sent to the company museum in the basement of a nearby building, Saint Laurent almost immediately begins thinking about his next haute couture collection.

The haute couture shows, held in Paris each January and July, are the embodiment of the Saint Laurent creative legend. His work, which he calls a "poetic trade," has been inspired by everything from Guignol's marionettes to the colors in the Sahara desert, from painters like Matisse and Picasso to writers like Proust, Shakespeare and Cocteau, from designers like Chanel and Dior to everyday dress on Parisian boulevards. Saint Laurent classics range from his blazers, kilts, capes and pantsuits to extravaganzas — the Russian doll look, the Carmen look, the Grand Opera collection.

"I love the essential nobility of a couturier's craft and the refined mysteries of physically creating models," Saint Laurent explained. "Couture began as a place

where the most exigent of women were dressed with the greatest perfection and survives because a few of those women still survive. It must be preserved at all costs."

The prototypes displayed on the fashion runway in July will be individually ordered and individually made. Upstairs on Avenue Marceau, in one of thirteen ateliers, the primarily female workforce is equipped with needles, thread, luxurious material and designs amidst a notable absence of sewing machines. They painstakingly produce the 1,500 haute couture dresses and garments sold each year. Each creation requires a minimum of sixty hours work and one artisan will often follow a piece from inception to completion.

In one studio there are thirty seamstresses and three sewing machines. One seamstress, who has worked at the house for twenty-five years, reveals with pride the intricate stitching which forms the lining of a jacket. On the shelves are mannequins, each marked with a prominent customer's name, and on the blackboard is a list of well-known women due to come in for a fitting.

"Haute couture has its multitude of whispered secrets that a small number of people are still able to pass on," Saint Laurent added. "Because of luck and instinct, I am one of the last to hold the secrets."

Quality material and these whispered secrets — as well as the time-consuming and masterful design and stitching — are perhaps what keep haute couture high-priced. A day dress begins at just over \$12,000, an evening dress starts at \$16,000 and a sophisticated evening dress can cost as much as \$30,000.

If they miss the collection at the Intercontinental Hotel next month, selected clients visit the showroom for a video screening of the event and two select young women are permanently on call to model selected outfits. There are few full-fledged private showings at Avenue Mar-

ceau these days but Raisa Gorbachev, wife of the Soviet Leader, did get a presentation when she visited Paris.

Yves Saint Laurent, of course, does not limit his creative talents to clothing. The company owns its own line of fragrances and cosmetics and the distinctive YSL logo, designed by the famous French graphic artist Cassandre, also adorns the

ty, planning and marketing. As has the design itself since he was launched into the fashion limelight.

Yves Saint Laurent, born on August 1, 1936 in Oran, Algeria, got his first formal recognition in the fashion industry at the age of 17 when he won a prize for a drawing of a black cocktail dress in a fashion contest sponsored by the International Wool Secretariat. He came to Paris in 1955, began working with the house of Christian Dior and when Dior suddenly died of a stroke in 1957, was named head designer.

Saint Laurent was credited with perpetuating the life of French fashion with his first Dior collection, featuring the "trapeze" look, was hailed as an outstanding achievement. His second Dior collection dramatically lowered hemlines to only sixteen inches above the floor; the look aroused considerable comment with raised skirts, black leather jacket and knit turtlenecks.

"Dior was prodigious master and taught me the roots of my art," Saint Laurent recalled. "He stood for refined luxury but also encouraged me to go out in the evening, go to the theater, design costumes and learn what settings are about."

Saint Laurent, replaced as Dior's designer then he was inducted into the

French military service, opened his own couture house in collaboration with Pierre Bergé in 1961. The first dress under the Saint Laurent label, typically numbered 00001, was designed that December and Life Magazine pronounced that the first collection in January 1962 had "the best suits since Chanel."

His next collections, and the numerous costumes and sets he designed for the theater, rarely failed to get international raves.

"At Saint Laurent everything is fluid," wrote Diana Vreeland in Vogue in the mid-1960s. "Great subtlety and finish. French, pretty and very feminine."

"The man is, pure and simple, the greatest fashion designer in the world today," concluded James Brady in Harper's Bazaar in 1972.

Indeed, there have been numerous milestones — the pop art dresses in 1966, the African dress in 1967, the safari and see-through looks in 1968, the beaded mini-dresses and pantsuits in 1969, the bare back in 1970, the body-conscious chemise in 1973, the Ballets Russes and Opera collections in 1976, the Picasso designs in 1979, the Matisse-inspired collection in 1982, the Panther look in 1984 and the Cubist collection in 1988.

Saint Laurent, of course, is not revealing what he has planned in July. But he does not seem worried.

"Finding your own style is not easy," the designer concluded. "But once found it brings complete happiness and gives you self-confidence. Always."



Yves Saint Laurent, working in his atelier on the Avenue Marceau in Paris, takes a hands-on approach to his fashion creations.

different product categories manufactured and marketed under 200 licensing contracts. The licenses range from Yves Saint Laurent Rive Gauche franchises to menswear, women's fashion, baby clothes, eye glasses and accessories.

Licensing royalties produce most of the profit for Yves Saint Laurent. Couture and the carefully chosen licensees are usually well-known names, like Cartier, which is responsible for developing a unified concept of accessories in watches, lighters, pens and leather goods.

Every time a new product goes to a licensee it is accompanied with a prototype and detailed design. Before a licensee can sell the particular item, samples are returned to Paris for evaluation. The 80 employees monitoring the licensing activities keep close control on product quality.

1962

An applauded Yves Saint Laurent is surrounded after the first haute couture collection under his own label.



1966

French singer Françoise Hardy was among the many women enchanted by YSL's "smoking."



1974

Yves Saint Laurent peeks at the crowd following the first collection at the new corporate headquarters on Avenue Marceau in Paris.



Yves Saint Laurent

LAURENT PASSION

A PORTFOLIO OF SCENTS

YES SAINT LAURENT created for the "eternal woman," debuted in 1964. But it wasn't until Opium took the market by storm in 1977 that Yves Saint Laurent truly made his mark in the fragrance industry.

"I wanted to create a scent for the Empress of China," Saint Laurent recalled in reference to the fragrance which he hoped would evoke a world of mystery and magic that would not fail to arouse a woman's hidden emotions. "What is wonderful about my art is that dream and reality can become one."

The couturier, who has a direct influence on every product that bears his name and the distinctive YSL logo, thrives on playing a key role in the creation and packaging of perfumes and cosmetics. Once he describes the scent he is seeking, he personally selects the fragrance from the options presented by the refined "noses" working at Yves Saint Laurent Parfums.

Saint Laurent also chooses the name and designs the containers for fragrances and cosmetics often related to the themes and color schemes of his seasonal couture creations.

"I am totally an eclectic and for me all beautiful things are related and belong together," Saint Laurent explained. "Their common denominator is quality and that's what I strive for—I try to create a perfect product."

The meticulous care with which he designs a haute couture collection is equally evident in his portfolio of scents and cosmetics.

"He can spend hours working on a package or an advertisement," said an associate. "Everything, every detail, intrigues him."

The lacquer container and other hue of the Opium package, for example, was based on a Chinese lacquered drawer that Saint Laurent had in his home. To meet his demand for perfection, an employee cut the drawer into pieces and sent it to the different representatives in the company to best illustrate the designer's intent.

"I was admittedly embarrassed when Yves Saint Laurent wanted the drawer

back but we did obtain close-to-perfect replication," recalled the executive in reference to Opium's harmonic ocher and violet container embossed with gold leaves and a distinctive black and gold tassel. "But when he later gave me an expensive antique vase which influenced the look of another product, I had a copy cast and put the original in a safe."

Opium, which created a scandal in the United States and some other countries when it was introduced, was as widely celebrated for its name and seductive advertising as the Oriental scent. Today it has become a classic, leads perfume sales in many markets and plays a major role in boosting the image and presence of Yves Saint Laurent Parfums throughout the world.

According to the "Moniteur du Commerce International," published by the French Ministry of Foreign Trade, Yves Saint Laurent Parfums has been one of France's largest exporters of perfumes and cosmetics for the past seven years. Currently, about 18 percent of sales are in the United States, where there is a large distribution outlet in Mount Pocono, Pennsylvania. The company is also the leader in the duty-free market, which accounts for over 50 percent of its export sales.

Yves Saint Laurent fragrance and beauty products were under the control of the Charles of the Ritz Group, where they represented 65 percent of sales and an even higher percentage of profit, until the purchase by Yves Saint Laurent.

To control completely the perfumes and cosmetics bearing his name, Saint Laurent purchased Charles of the Ritz for \$631 million from Squibb Corp. The company's less profitable mass-market fragrances were sold to Revlon for about \$140 million in 1987 and the Gianni Versace line, which represents three percent of sales and is at present marketed only in Europe, was sold to the designer Gianni Versace.

Company executives stress that internal control will enable them to take a longer-term approach to the fragrance and cosmetics sector and allocate increased funds for development, displays, marketing and communication.

"With everything under the same roof we can present all our fashion, accessories, fragrances and cosmetics as a package,"

explained Bergé, noting that the perfumes and cosmetics division now represents the majority of sales for the company. "This coherence did not previously exist and will provide a foundation for coordinated growth."

Executives at the perfume company's headquarters in the Paris suburb of Neuilly, where the distinguished Saint Laurent touch is noticeable in the remodeled lobby and offices, are currently consolidating the newly acquired business.

Yves Saint Laurent Parfums, with 2,400 employees and 13 affiliate companies, has its own sales and marketing operations in various countries, including the United States, Japan and all major markets in Europe. It also operates manufacturing plants in France and Spain, but 85 percent of the production takes place at a 35-acre site at Lassigny, about 70 miles north of Paris. In addition, a new manufacturing facility will be opened in the United States in the spring of 1989. A new research and development center will be opened in the Paris suburbs in the fall of 1989. This laboratory will enable Yves Saint Laurent Parfums to build up a leading position in the development of skin care products and cosmetics.

Perfumes and cosmetics, which account for 88 percent of the group's sales and are available at over 12,000 different outlets worldwide, will continue to be the most significant moneymakers. Opium, the recipient of two awards from the New York Fragrance Foundation, is the leading product while three men's fragrances, a line of cosmetics and three other women's perfumes—Y (introduced in 1964), Rive Gauche (1971) and Paris d'Yves Saint Laurent (1983)—are expected to maintain or increase sales and market share.

Saint Laurent has a particular theme in mind whenever he creates a new fragrance.

Y is made in the image of tailored suits and silk blouses, employing cypress as its dominant note. A clear bottle and harmony of white, gold and other colors add to its classical distinction. The Y line includes moisturizing body lotion, a bath and shower gel, a toilet soap and a perfumed deodorant, dusting powder and body cream.

Rive Gauche, the fragrance Saint Laurent created in dazzling blue, black and silver-colored cylinders, was meant to embody the vibrant mood of the French capital's Left Bank. A young scent, it is intended for "active, audacious, unpredictable women who adore the unexpected." Paris captures the magic of the capital city, the black, electric coral and gold colors symbolize its romantic decor and capricious skies.

Saint Laurent has created three fragrances for men: Pour Homme (introduced in 1971), Kouros (1981), and Jazz (1988). Pour Homme's woody, spicy and fresh fragrance is intended to reinforce the personality of the distinguished, self-assured and dynamic male. The line also includes products for shaving and after-shave, toiletry and skin care.

Kouros, a fragrance "for the living gods" that Saint Laurent says was inspired during a summer trip to Greece, "symbolizes the perfection of a Greek man in the flower of his youth." The Kouros Eau de Toilette, aimed at the extrovert, is a market leader in key countries including France and the United Kingdom. The high

point of 1988 was the amazing success of Jazz, the new men's line. Jazz is the movement of life, the scent of a man at any hour of the day, any day of the year. This high-quality fragrance has generated considerable enthusiasm, as has the advertisement for it that won an award at the Cannes Film Festival. Sales of Jazz were 70 percent over target; those of Kouros, unaffected. Jazz helped Yves Saint Laurent, already number one in women's perfumes in Europe, take the lead in men's products as well.

A wide range of assorted cosmetics products, called Yves Saint Laurent Beauté, were introduced in 1978 and its vivid colors are continually inspired by the designer's fashion tendencies. The seasonally changing hues reflect each Saint Laurent collection and dramatic new colors are introduced every autumn and spring. The 15 main product areas are led by lipstick, nail polish, eyeshadow and mascara and complemented by a range of pencils and brushes.

Yves Saint Laurent Parfums skin-care products, called Soins de Beauté, were launched in 1984 and include cleansers, toners, fluids, creams, masks and gels. One product range is intended to meet the daily needs of the skin, another more intensive skin-care line solves specific skin problems and fights efficiently against the aging of the skin. Recent additions include a new Opium bath line, Paris Fleur de Parfum, and Jazz toiletry products.

Over the longer term, Yves Saint Laurent Parfums may develop a new line of skin-care products but acknowledges that substantial investment and research is required before new products can be introduced to the market.

"Yves Saint Laurent Parfums will be among the leaders in fragrances, cosmetics and skin-care products in the 1990s because they will reflect our image and obsession with quality," predicted Pierre Bergé. "How could a woman, or a man, be dressed completely by Yves Saint Laurent without a full range of perfumes and beauty products?"



Yves Saint Laurent cosmetics feature colors reflecting the designer's seasonal fashions.



YSL's latest success, the men's fragrance Jazz.



Opium, considered an audacious name for a fragrance when it was launched in 1977, is now regarded as a major classic among perfumes.



FASHION, the inspiring force behind costume and everyday style, is today a fully recognized art form. It is part of the dream that modern life has made possible.

But this dream inspires and is associated with a large market, one which heavily contributes to our industrial activity and the flourishing of French commerce. Fashion's blend of creativity and business gives it a special place in our country's future.

For a quarter of a century already, Yves Saint Laurent has invented forms and colors that the history of elegance will retain. He's an ambassador of French genius throughout the world.

François Mitterrand

François MITTERRAND

1976 — The "Grand Opium" collection, an array of elegant dresses for stylish evening was one of many trends during the 1970s.



Saint Laurent appearing on the runway at the end of a couture collection.

This advertising section was written by Joel Szwarc McCurt.

BLUE-CHIP FASHION

(Continued from Page 1)

What is happening to Cerus, your partner when you purchased the Charles of the Ritz Group?

Thanks to Cerus, we were able to purchase our perfumes and cosmetics.

They were and will remain alongside us as the main shareholder, but now with 15 percent of the capital.

How would you describe Yves Saint Laurent the person?

Yves Saint Laurent is the genius and force behind every product created and marketed by a company with annual sales of over \$450 million. Everything emanates from his creativity. And Yves is surrounded by very talented assistants.

We have been working together for almost 30 years and I am continually fascinated by the wealth and prolific nature of his talent. He is both an artist and a perfectionist, with the corresponding temperament. He is completely confident and fastidious one moment, nervous before his creations the next.

But he certainly makes my end of the business easy. It is not difficult to be a good businessman when you work with a genius. I think the success of our venture is due to the fact that he has his territory, which is couture, and I have mine, which is business.

Is there a contradiction between high finance and high fashion?

On the contrary, the two are extremely complementary. Without a solid financial backbone we would not have the resources to design, produce and market quality products.

What are the corporate priorities?

We now own and control everything sold under the Yves Saint Laurent name, including fragrances and cosmetics following our acquisition of Charles of the Ritz from Squibb Corp. in 1986.

This is unique. It makes us the only fashion house where the founders are in complete control. In fact, Yves is the only designer who owns his own perfume.

The result is an increased synergy between Yves Saint Laurent fashion, accessories, perfumes and cosmetics.

Yves Saint Laurent Couture is dedicated to fashion and Yves Saint Laurent Parfums handles fragrances and cosmetics. Our short-term objectives are to strengthen both sectors and continue to make the Yves Saint Laurent name synonymous with creativity and quality.

What is the role of the couture division today and how will it evolve?

The corporate flagship will continue to be haute couture because the biannual collections spread our creative message to the world. Fashion will always be the base on which everything else rests. We cannot afford to lose our integrity in this area.

The Yves Saint Laurent Rive Gauche ready-to-wear line enables us to market fashion to a wider public while our licensing agreements provide substantial royalties through the use of the name for quality products.

We could not live without licensing, royalties from which represent about 70 percent of the sales of our couture division. Licensing of our trademark and knowhow is not only profitable; it gives us maximum commercial exposure. In addition, we could not produce such a wide range of products by ourselves.



The corporate offices and ateliers for Yves Saint Laurent Couture are at 5 Avenue Marceau in Paris.



Yves Saint Laurent packaging is as elegant as its fashionable and luxurious contents.

We invest substantially in the creation, design and quality control of the products we license and have an inhouse work force of 80 persons handling this important sector. There is a healthy conflict with our licensees because we are responsible for quality control, even outside our own operations. We acknowledge a licensee's need to make profits but they must recognize our fervent desire to maintain the high quality required to keep Yves Saint Laurent in the forefront of luxury products.

We now have the optimal licensed product range with the right number of high-quality items. Fortunately, we have rejected serious suggestions to put the YSL logo on plastic garbage bags and automobile tires. Licensing is where we put our integrity on the line yet it enabled us to build and control a network with a vision for the future.

This year we have started to control some products directly — furs and leather, for example. At the same time, we are gaining more control of distribution by acquiring two new boutiques, one on Madison Avenue in New York and one on Faubourg Saint-Honore in Paris. And this is only a start.

What is the role of the perfume and cosmetics division and how will it evolve?

The perfume and cosmetics division is responsible for presenting the Yves Saint Laurent name to the public in the highly competitive and creative world of prestige fragrances, makeup and skin care. The role of this division is to develop, manufacture and sell our products, which today are available in almost every country in the world. This is done through a worldwide organization of 2,400 persons, and includes 12 affiliated companies, fully owned by us, that directly control the marketing and distribution of our lines in major countries.

Yves Saint Laurent is a dominant force in the prestige fragrance business. We are the leader in Europe in both women's and men's fragrances.

The major challenge of this division is to develop new products for the future, particularly in the area of skin care, which accounts today for only a minimal part of our business. With this in mind, we created a research and development division last year that will be operating this fall out of the new Yves Saint Laurent Research Center in the suburbs of Paris.

What industry-specific problems might impact growth?

Our activities in the luxury-goods sector are very diversified. They range from luggage to perfume, from men's shoes to women's wear. Seventy percent of our turnover comes from exports to markets

as different as Japan, Europe, South America, Australia and North America. What other problems affect your sector?

As we have professional expertise in the creative, distribution and promotional fields, we will continue to display an exceptional devotion to quality control and product integrity. But we must continually monitor counterfeit products, diversion of our goods to discount retailers and pirated copies of our goods.

These are, I guess, the penalties of success.

What will the company look like five years from now?

Our priorities are to enforce our position vis-à-vis our main competitors and develop the activities where we have the most potential.

Furthermore, we will expand beyond Yves Saint Laurent fashion and perfumes into new areas through acquisitions.

But we will be very selective. We will buy only complementary activities where top quality counts and not just whatever's up for grabs. I think it is safe to say that despite diversification we will maintain our corporate identity.

Will you continue to maintain your ties to numerous professional organizations, assist causes like S.O.S. Racisme, fund a research foundation for AIDS and sponsor music and theater productions?

All these activities are part of the spirit of the house of Yves Saint Laurent and we will not alter our professional or social commitments. I owe everything to this business and want to use some of the profits to positively assist different areas of interest. A sensible businessman today cannot ignore racism, AIDS or refuse to promote culture. And a successful company can allocate a small proportion of its resources to these areas while still performing well on the bottom line.

But, in the end, everything we do is for the house of Yves Saint Laurent.



YSL

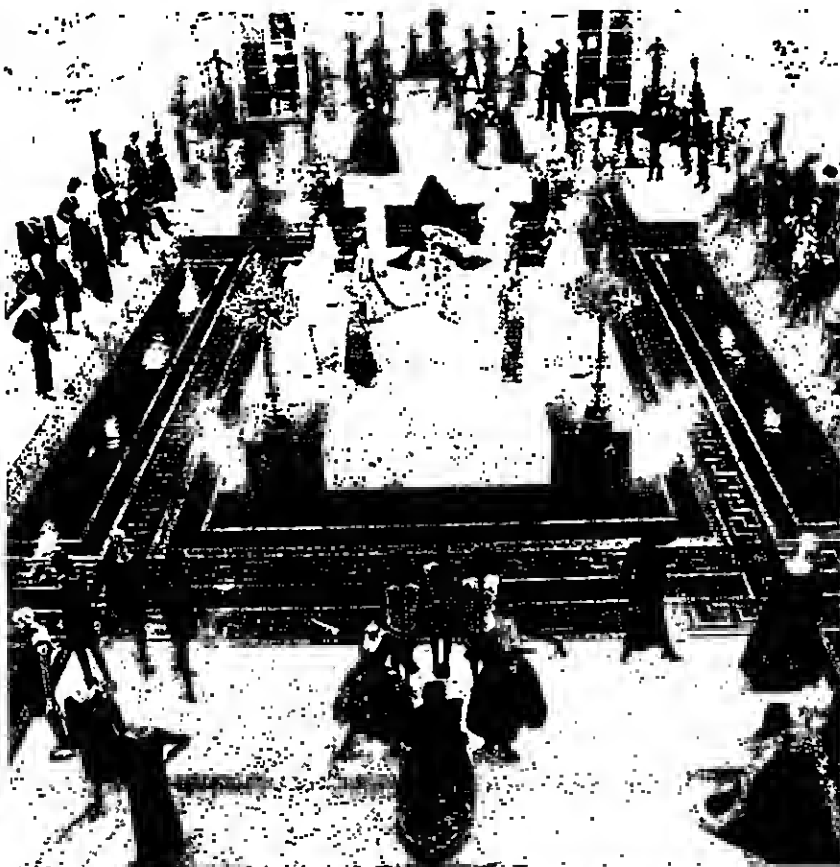
YVES Saint Laurent goes public four times a year when he unveils his biannual haute couture and ready-to-wear collections.

And next week's public offering will financially put his company into the realm of the people.

But there are other ways the designer gets himself into the public eye. His work has been the subject of numerous exhibitions at museums throughout the world. Like his fashion collections, the exhibitions are meant not only to present his clothes but also to bring his fantasies and dreams alive to a larger audience.

One memorable exhibition was the "Yves Saint Laurent — 25 Years of Design" retrospective at the New York City's Metropolitan Museum of Art from December 1983 to September 1984. The exhibit, organized with fashion specialist Diana Vreeland, featured 210 different robes tracing the couturier's work.

To select appropriate costumes for the event, Saint Laurent and Vreeland sifted through some 3,000 outfits in the private Saint Laurent museum in Paris, where most of his collections — as well as the costumes he designed for the theater, opera and films — are kept. Locked closets



Retrospectives of Yves Saint Laurent's creations at the Hermitage Museum in Leningrad and the Fine Arts Museum in Beijing.

labeled by the year of the collection contain haute couture and ready-to-wear prototypes; costumes from different productions are in containers marked "Stakespeare" or "Belle de Jour."

The museum also contains a room overflowing with a quarter century's press clippings, the horse heads from Pierre Bergé's production of "Equus" in 1977, thousands of Saint Laurent sketches and the original "Love" cards the designer sends to 3,000 acquaintances every January. Although he rarely visits the archives, associates say Saint Laurent has a mental record of every design and collection.

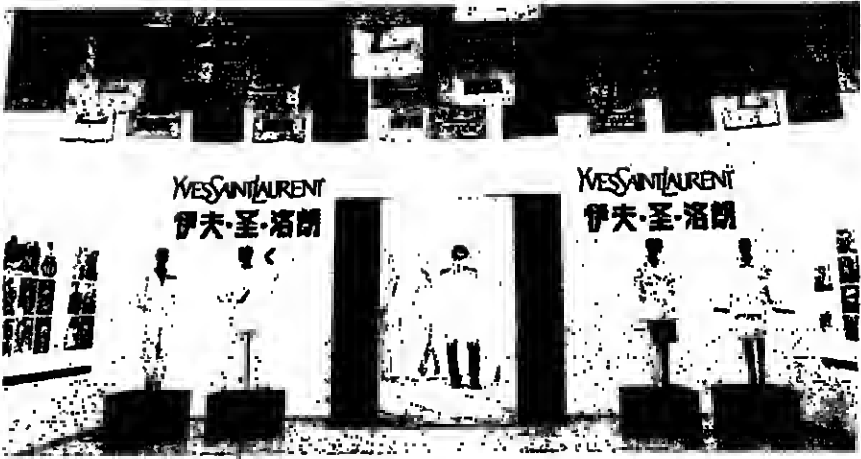
And how does the designer himself feel

about his output of the past? "The things I like best of all the things I've ever done are the ones I borrowed from a man's wardrobe," Saint Laurent said. "The blazer, the pantsuit, the rain-coat, knickers, shorts, the safari suit, the tee-shirt."

These creations were among those displayed at a 1986 exposition at the Musée des Arts de la Mode in Paris. Entitled "Yves Saint Laurent — Twenty-Eight Years of Creativity," it coincided with the publication of two books, "Yves Saint Laurent par Yves Saint Laurent" and "Yves Saint Laurent and the Theater."

But New York and Paris were not the only capitals to host exhibitions. "Yves Saint Laurent — 1958-1985" was featured at the Fine Arts Museum in Beijing for three months in 1985 and attracted 10,000

GOES PUBLIC



visitors a day. Another 500,000 people viewed "Yves Saint Laurent — 28 Years of Creativity" in Moscow's Central House of Painters of the U.S.S.R. and 200,000 saw it at the Hermitage Museum in Leningrad in 1987. Australians got a glimpse of the touring exposition, which has 300 different pieces, a few months later. Next on the agenda is Japan.

This past spring, Saint Laurent was involved in two more exhibitions in Paris. At the Musée Jacquemart-André's "Historic Russian Costumes" exhibition, organized and financed by Saint Laurent, selected items from Leningrad's Hermitage Museum were displayed. All these exhibitions were staged by the American, Stephen de Pietri. At the Centre Georges Pompidou, an exhibition devoted to Saint

Laurent was put together based on the book "Yves Saint Laurent et la Photographie de Mode." Published by Schirmer-Mosel in West Germany in October 1988, the book appeared simultaneously in France, Britain, the U.S. and Japan.

"Yves enjoys the exhibitions," said company president Pierre Bergé, because they are important not only as contemporary marketing vehicles but also as historic statements.

So historic, in fact, is Yves Saint Laurent that he is mentioned in the Larousse dictionary. Further, he was named Chevalier of the Légion d'Honneur, France's top accolade for civilians, for promoting French fashion. The next historic step will occur when YSL becomes the first publicly traded French fashion house.



AFTER so many years of exploring, my art still fascinates me. I know of no greater exaltation. You think there is no going further, that everything is forever fixed — and then, suddenly, depths and vistas reveal themselves that you thought out of reach and that your wealth of experience now fully opens to you. So many times did I believe myself impotent, broken, and desperate before the black curtain of weariness — and so many times did this curtain then rip itself apart to allow glimpses of limitless horizons, enabling me to feel my greatest joys, and, I dare so say, moments of true pride. The great art, Prince Metternich said, is to last.

Yves Saint Laurent

Yves Saint Laurent

PICKENS: *The Eyes of Texas and Japan Are on a Corporate Showdown*

(Continued from first finance page) Aides to Mr. Pickens suggest According to Koito sources and it from Mr. Pickens unless the con-

Konishi, said Takeo Matsunaga, Konishi's brother-in-law, who is a stockholder. "Konishi is a crook," he said. "He would rather return to the obscurity of running his small corner of the Toyota empire."

Suggesting that there was a discrepancy between that was a source of Konishi's operating income and its taxable income, Mr. Pickens said to get access to Konishi's tax returns. A Japanese court ruled last week that the company was not required to disclose

investor with a reputation for corporate raiding started accumulating Konishi shares in 1987. As speculators flooded to see what the price of the usually thinly-traded shares rose from 800 yen (\$5.67) to about 2,000 yen.

Then an agent of Mr. Watanabe's offered to sell the shares back

Texas ranches.

Source said he told Konishi that the company was not required to disclose its tax returns. "I don't know if he is a crook or not," said Mr. Oshikura, "but he is not a businessman in the ordinary

Even without the help of so-kaiya, Koito shareholders might well be interested in answers to a lot of questions on Thursday. The company's earnings have been eroding since the second quarter of 1984, now amid what Japanese authorities, to mount a defense. The firm's partners, when still at First Boston, faced off against Mr. Pickens several times, often successfully.

Meanwhile, Koito and Toyota are mounting a campaign to tar Mr. Pickens as a "greedy capitalist" who is "stealing" the company's shares and "harming" the Japanese stock market," said Tsutomu Ohshima, the executive vice president of Toyota.

Mr. Watanabe instead found Mr. Pickens.

Many speculate that Mr. Pickens obtained a guarantee that Mr. Watanabe would not sell his shares and that the company's shares are nearly zero.

However, a growing number of Japanese sympathize with his complaint that Japan's stock ownership system ignores shareholders and reveals an unwillingness to let foreigners inside the club.

Mr. Matsushita says the profit decline was caused by major competition. Toyota's investment in Koito, and the fact that three top executives, Mr. Matsushita included, are

surance of the car giant's business, he says.

out Japan and luxury hotels in Hawaii.

analysts say the stock is so wildly overvalued that no one would buy

growing bigger. "I'm just a surfer boy from a small town in Texas"

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SPORTS

Twins Extend A's
Extra-Inning Onus

Compiled by Our Staff From Dispatches
The Oakland Athletics are still sitting on top of the American League West, but last season's AL champs have yet to win an extra-inning game this year.

The A's added to the string Monday night when Kirby Puckett hit a bases-empty home run off reliever Todd Burns with two out in the

BASEBALL ROUNDUP

bottom of the 10th to give the Twins a 4-3 victory in Minneapolis.

Puckett had entered the game with just three hits in his last 17 at-bats. "After the way I swung earlier, I was just trying to get a good pitch to hit," he said. He had three hits and three RBIs for the night.

Burns acknowledged his mistake. "I was trying to get him to chase something out of the [strike] zone. I tried to be a little fine with it and gave him a pitch he could drive. And he did."

Oakland opened the scoring in the third when Mike Gallego walked and scored on a double by Rickey Henderson.

Minnesota took a 2-1 lead in the bottom of the third on RBI singles from Randy Bush and Puckett.

Puckett made the score 3-1 with a sixth-inning RBI triple.

The A's drew to 3-2 in the seventh when Lansford singled, stole second and came home on a single by Mark McGwire. They tied the score at 3-3 in the ninth when Carney Lansford doubled and scored on McGwire's single.

Indians 4, Rangers 3: John Farrell won for only the second time in nine decisions and Doug Jones got his 17th save in Arlington, Texas.

Texas's Bobby Witt retired only two batters and left with the Indians ahead, 2-0. It was his shortest start in four years in the majors.

Felix Fermin delivered the winning run with a suicide squeeze in the fourth, scoring Brook Jacoby from third.

The Rangers' catcher, Geno Petralli, tore a ligament in his left knee in a home-plate collision with Joel Skinner in the fourth and was put on the 21-day disabled list.

Reds 5, Dodgers 3: Bo Diaz hit a two-run home run in the seventh as the Reds came back from a three-run deficit to beat Los Angeles in a National League game in Cincinnati.

Diaz had been batting only .186, and the Reds entered the game without having scored in 20 innings.

"We needed the win tonight," said Pete Rose, the Reds' manager.



The Dodgers' Orel Hershiser playfully showing Rick Dempsey "Orel hygiene" with a broken bat during the 5-3 loss to the Reds.

Cincinnati's Paul O'Neill hit a three-run home run in the sixth to tie the score. The victory gave the Reds something to celebrate after two lopsided losses to Los Angeles and the continuing troubles of Rose over betting allegations.

Expos 5, Mets 1: Dwight Gooden, who had experienced shoulder stiffness in his previous two starts, lasted only four innings and allowed a three-run home run to Spike Owen in a five-run fourth in Montreal. It was the Expos' fourth straight victory and gave them a half-game lead over the Mets and Chicago in the NL East.

Pascual Perez struck out 11 as the Expos ended the Mets' four-game winning streak.

Pirates 2, Cubs 1: Doug Drabek pitched a seven-hitter in Chicago as Pittsburgh sent the Cubs to their fourth straight loss. Bobby Bonilla drove in the winning run with a ground out in the first. Drabek walked one and struck out five.

The Pirates broke an eight-game losing streak against Chicago dating back to last season.

Phillies 5, Cardinals 4: Dickie Thon's RBI single with the bases loaded capped Philadelphia's three-run rally in the ninth in St. Louis.

Randy Ready hit a two-run double to tie the score, 4-4. Ricky Jordan drew an intentional walk before Thon singled up the middle off Todd Worrell.

Giants 4, Astros 3: San Francisco got three pinch hits in a two-run seventh inning, including Ken Oberknecht's game-winning single in Houston. It was the Giants' eighth victory in nine games. (UPI, AP)

Pity the Stodgy Old 'English' Game

International Herald Tribune
LONDON — Osvaldo Ardiles is living proof that sport transcends xenophobia.

For a decade he has been the best-known and most admired Argentine in Britain. A man of tiny physique but towering soccer sophistication, he brought a soothing sense of leadership to the hasty-burly English game.

When players all around were charging in ever-decreasing circles, Ardiles would put a foot on the ball, find the space, direct a colleague and set the Tottenham Hotspurs' attacks rolling.

In a sense, Ardiles coached on the field. At the heart of Argentina's 1978 team that won the World Cup, he performed the function of a post office: Others sent the ball to Ardiles, and he redirected its destination.

Ardiles, a slender 5 feet, 6 inches (1.7 meters) tall, became slowed by injury, advancing years and an addiction to cigarettes. Yet anyone with an ounce of appreciation could see in "Ossie" the articulator among pros.

Nothing seems more logical than his passage from performer to tutor. He may not make the transition, but nearing 36, he seeks to try in England.

Argentina is in his soul, England the home his

assistant director of coaching. Hughes has megalomaniac ideas about England's importance to world soccer. He not only wants no foreign intrusion, he sees himself as the supreme peddler of the "English" game which could rid the world of variations of style and technique.

Hughes believes true soccer to be the direct hit-and-chase game which the Wolverhampton Wanderers took into Europe in the 1950s. You know the style: Hammer the ball up in the air, chase it and score.

He travels to Arabia and the United States expounding: "We are now certain that practically the whole world has got it wrong and, more particularly, Brazil has got it wrong in the method of playing."

Hughes relies on statistics emanating from an almost 40-year-old hypothesis by Wing Commander Charles Reep of the Royal Air Force — hence, perhaps, the aerial obsession. This, he claims, proves England's direct style wins hands-down, "all the time," against the possession style of play epitomized by Brazil.

He recently told a group of coaches in the United States that Brazil now has the least chance of winning World Cups and must "eradicate and change its views." But why, if the method is so good, has England won nothing since the

ROB HUGHES

Why, if the method is so good, has England won nothing since the 1966 World Cup?

World Cup, on English soil, of 1966? And why is Hughes willing to share his knowledge in a forthcoming book, "Winning Formula," and in videos aimed at a global market?

"If we were just concerned purely with winning," he has lectured, "we'd keep everything under wraps." He then has allowed that since soccer is a world game, the British cannot be insular with their knowledge. That is nice of him. But

does anyone in his right mind wish to reduce Pele, Eusebio, Maradona, Gullit and Platini to mere numbers in a formula?

Thank heavens the Spanish and Italians use their soccer wealth to cross-pollinate the world's talents and coaching. They, and others, are now into the Dutch era, which gives expression to ideas often formulated by the Yugoslavs. But, because England contributes an idea of men running for one another the entire 90 minutes, such British as Athletic Bilbao's Howard Kendall and Real Madrid's John Toshack are still valued.

Rightly so. And some Englishmen even come home with ideas to implant under the FA's nose. Malcolm Allison, an aging rebel at 61, is just back from Portugal. He intends to teach his latest team foreign methods. "We lack players like Van Basten and Gullit who can explode past four or five players," he reasoned. "Explosion is different from skill but it causes excitement, which is what crowds want."

Yes, but who are the recipients of Allison's new, 30-second intensive burst ideology? The men of Fisher Athletic, a part-time professional club of the London dock lands that is hoping to explode into the fourth division of England's league.

There must be a rule by which the FA can stop Englishmen coming home with fancy foreign schemes.

I'm afraid I bear the same surname, but absolutely no other relationship, to the administrator who rejected Ardiles. He is Charles Hughes, the FA

Rob Hughes is on the staff of the Sunday Times

SIDELINES

NHL Devils Sign

Soviet Star Fetisov

NEW YORK (NYT) — After six years of frustrating on-again, off-again negotiations with the player widely considered the best defenseman in the world, the New Jersey Devils of the National Hockey League have finally signed Vyacheslav Fetisov of the Soviet national team, according to the Devils' majority owner.

John McMullen, reached by telephone Monday, said that Lou Lefkowitz, the club's general manager, was in Moscow and had signed both Fetisov, 31, the captain of the Soviet national team, and Sergei Starikov, 30, over the weekend.

New Leader Is Selected

For Dallas Cheerleaders

DALLAS (UPI) — The Dallas Cowboys have selected a veteran cheerleader to head the squad that last week saw 14 of its members resign in a dispute with the team's new owner, Jerry Jones.

Greg Aiello, a Cowboys spokesman, announced Monday that Leslie Haynes, 26, of Plano, Texas, will head the group. She replaces Debbie Bond, who resigned last week along with other cheerleaders upset by rumored changes, since denied, in their costumes and conduct.

For the Record

English Derby winner Nashwan and French Derby victor Old Vic were among the 11 colts entered Tuesday for the Irish Derby in Dublin on Sunday. (AP)

A record 479 crews — among them a record 60 from the United States — are to begin competing Wednesday in the world's oldest rowing event, the 150th Henley Royal Regatta on the River Thames in Oxfordshire, England. (AP)

Bishop Dolegiewiez, a former Canadian shot-put champion, admitted at the federal inquiry that he used anabolic steroids during 11 years he competed and that he had supplied the drugs to other Canadian track and field athletes. (NYT)

Luiz O. Batista Freitas, 43, a former Mr. Universe, pleaded guilty in Los Angeles to keeping for purposes of distribution 10,000 anabolic steroid tablets. The Brazilian bodybuilder and weightlifter, who won the 1987 Mr. Universe title, was freed after posting \$50,000 bail but faces a three-year jail term and a \$250,000 fine. (AP)

NBA Rumors, Trades Precede Draft

By Sam Goldaper

New York Times Service

NEW YORK — The Sacramento Kings, with the top pick in Tuesday night's National Basketball Association draft, were going to select Pervis Ellison of Louisville, according to the latest rumors.

"Jack McCloskey heard it from another general manager," said Stan Novack, the Detroit Pistons' director of scouting, relaying the word Monday from his club's general manager.

Al Biscotti, the New York Knicks' general manager, heard a similar report from another general manager.

The rumor mill was in full swing Monday.

The Kings have refused to say how they will use their pick. The guessing game has been in progress since Sacramento won the lottery May 21, and has included Glen

Rice of Michigan, Stacey King of Oklahoma, Danny Ferry of Duke and now the 6-foot, 9½-inch (2.06-meter) Ellison.

"I can't believe they're going to take Ellison," Novack said. "If we had the pick, it would be Danny Ferry. If the report is true, I guess they felt they needed a power player more than taking the best all-around player in the draft."

When the general managers were not guessing the draft, they were discussing possible trades and watching tapes of players they believe will still be available when they pick.

"There is no sense trying to figure out how the draft will go, what the team ahead of you will do," said Wayne Embry, the Cleveland Cavaliers' general manager. "It's over factually because the general managers don't always tell the truth." But that did not stop Donnie

Walsh, the Indiana Pacers' general manager, who has the seventh pick from trying to find out what Bill Russell, his counterpart with the Kings, would do.

"I called up Bill and asked him what he was going to do," Walsh said. "I told him he was driving us all crazy."

Walsh was still guessing.

Bulls Trade Sellers

The Chicago Bulls traded 7-foot reserve forward Brad Sellers late Monday night to Seattle for the SuperSonics' 18th pick in the first round of the draft, United Press International reported. That gave the Bulls the 6th, 18th and 20th picks in the first round.

Tuesday, the Sonics traded their No. 1 pick in the 1990 draft to Golden State for the Warriors' second pick of this draft, the 16th, to go with the 17th pick the Sonics had retained.

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Volume I, 1904-1939

By Norman Sherry. Illustrated. 783 pages. \$29.95. Viking Inc., 40 West 23d Street, New York, N. Y. 10010.

Reviewed by Christopher Lehmann-Haupt

IT'S odd, given Graham Greene's extraordinary reticence, that he would have permitted Norman Sherry's remarkable biography of him to be written.

In his two works of autobiography, "A Sort of Life" (1971) and "Ways of Escape" (1981), Greene seemed mainly concerned with hiding himself from the reader. He did reveal certain intimate things about himself, ranging from neuroses to his habit as a young man of playing Russian roulette with his brother's pistol. But there was a peculiar lack of affect to his prose, and the tone of the whole conveyed a message that said, "You'll never catch me."

Yet now, while still alive, Greene has not only designated Sherry his biographer, but he has also cooperated with him so fully that few details, however trivial or painful, seem to have been withheld.

Does Sherry, who teaches literature at Trinity University in San Antonio and who is an authority on Joseph Conrad,

succeed in catching his biographical quarry?

Certainly, he doesn't bore us with his hunt, to judge from Volume I of the "Life," which takes us from his subject's birth in 1904 up to the eve of World War II, when Greene had just returned from the trip through Mexico that provided material for his travel book "The Lawless Roads" and his masterpiece of fiction, "The Power and the Glory."

Although the abundance of detail occasionally causes the narrative to drag, it mainly serves to lend color and dimension to what in Greene's own treatment seemed pale and flat. What especially stands out is the familiar but still satisfying drama of a writer achieving success how Greene gambled after the publication in 1929 of his first novel, "The Man Within," and tried to live on his writing income, and how he had nearly run out of resources when his fourth book, "Samboul Train" ("Orient Express" in the United States), was selected by a book club and his career took off again.

Moreover, for the first time we can see in the context of Greene's life what frightening risks he undertook in his travels through Liberia in 1934 (described in "Journey Without Maps") and Mexico in 1938.

And certainly Sherry goes way beyond Greene's autobiographies in helping us to understand the unusual character of the writer. In particular, he details his subject's lengthy and sometimes frustrating

courtship of Vivien Dayrell-Browning, which included a proposal of a celibate marriage that she, apparently fearing sexual intimacy, welcomed for a time.

And perhaps most significantly of all, Sherry carefully shades in his subject's painful schoolboy years, when the youth was sent to London to undergo the "psychoanalysis" that he refers to in "A Sort of Life."

In the short run, Sherry reasons, this analysis made an iconoclast of young

Greene, and allowed him to return to Berkshire with his confidence renewed and a healthy chip on his shoulder.

In the long run, it may well have established his life's pattern of escaping from the impossible or the boring into unknown and dangerous environments which would stimulate, offer fresh experiences and also provide copy for his novels.

Christopher Lehmann-Haupt is on the staff of The New York Times.

BEST SELLERS

The New York Times
This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

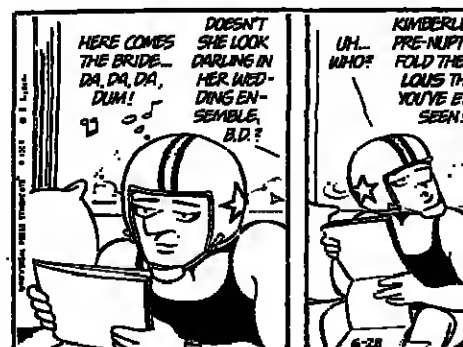
THE WEEK	FICTION	LAST WEEK
1	THE RUSSIA HOUSE, by John le Carré	1
2	WHILE MY PRETTY ONE SLEEPS, by Mary Higgins Clark	2
3	THE TEMPLE OF MY FAMILIAR, by Alice Walker	7
4	THE NEGOTIATOR, by Frederick Forsyth	3
5	CAPITAL CRIMES, by Lawrence Sanders	5
6	TALKING GOD, by Tony Hillman	4
7	RED PHOENIX, by Larry Bond	9
8	THE JOY LUCK CLUB, by Amy Tan	6
9	THE SATANIC VERSES, by Salman Rushdie	8
10	PLAYMATES, by Robert B. Parker	10
11	STAR, by Danielle Steel	14
12	A PRAYER FOR OWEN MEANY, by John Irving	11

THE WEEK	NONFICTION	LAST WEEK
1	A WOMAN NAMED JACKIE, by C. David Heyman	1
2	ALL I REALLY NEED TO KNOW I LEARNED IN KINDERGARTEN, by Robert Fulghum	2
3	SUMMER OF '49, by David Halberstam	5
4	IT'S ALWAYS SOMETHING, by Gloria Radner	3
5	LOVE AND MARRIAGE, by Bill Cosby	6
6	THE GOOD TIMES, by Russell Baker	4
7	THE ANDY WARHOL DIARIES, edited by Pat Hackett	7
8	A BRIEF HISTORY OF TIME, by Stephen W. Hawking	8
9	THE NIGHT THE BEAR ATE GOOMBAW, by Patrick F. McManus	9
10	ABOUT FACE, by David H. Hackworth and Julie Sherman	10
11	PAPA, MY FATHER, by Leo Buscaglia	1
12	"FUNNY, YOU DON'T LOOK LIKE A GRANDMOTHER," by Lois Wyke	13
13	CITIZENS, by Simon Schama	11
14	INNOCENT, by John Allen Pauls	12
15	SKETCHES FROM A LIFE, by George F. Kennan	14

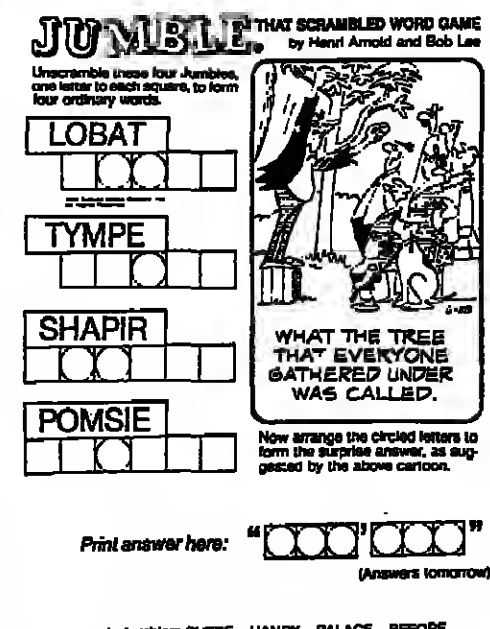
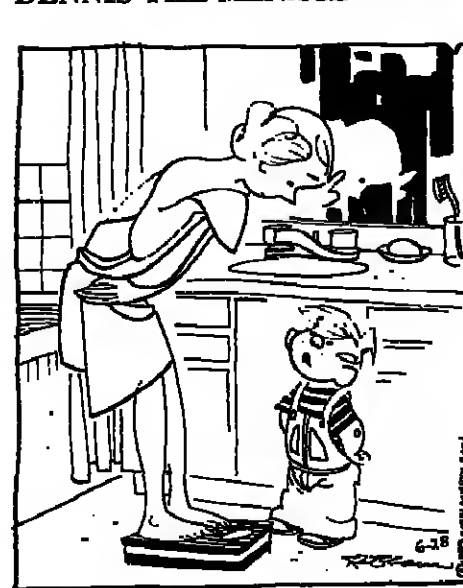
ADVICE, HOW-TO AND MISCELLANEOUS

THE WEEK	ADVICE, HOW-TO AND MISCELLANEOUS	LAST WEEK
1	WEALTH WITHOUT RISK, by Charles Jenkinson	5
2	LEADERSHIP SECRETS OF ATTILA THE HUN, by Wes Roberts	2
3	PEACE, LOVE & HEALING, by Bernice S. Stiegel	2
4	WEBSTER'S NINTH NEW COLLEGIATE DICTIONARY, (Merriam-Webster)	1
5	THE T-FACTOR DIET, by Martin Kalish	4

DOONESBURY



DENNIS THE MENACE



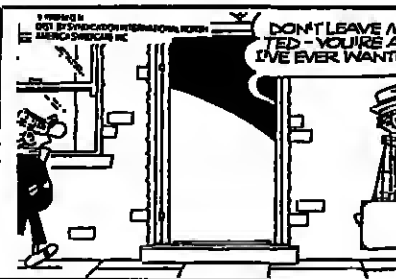
PEANUTS



BEETLE BAILEY



ANDY CAPP



WIZARD OF ID



REX MORGAN



GARFIELD



SPORTS

The Rose Report: Overwhelming Evidence

By Murray Chass

New York Times Service

NEW YORK — Pete Rose, the Cincinnati Reds' manager who faces a lifetime suspension from baseball if he bet on his team, once incurred a debt of \$400,000 to a bookmaker in New York over a three-month period in 1987, according to the report on baseball's investigation of Rose.

The 225-page report, written by John Dowd, the Washington lawyer who headed the investigation as special counsel for the commissioner of baseball, A. Bartlett Giamatti, was released Monday after Judge Norbert A. Nadel of the Hamilton County Court of Common Pleas in Cincinnati made it part of the public record of Rose's lawsuit against the commissioner.

The report, which has seven volumes of exhibits attached, provides an overwhelming amount of information about Rose's betting on baseball, basketball and football.

It identifies a host of people with whom and through whom Rose is said to have bet.

It also repeatedly cites the manager's denials to Dowd of ever betting on baseball. If Rose is found to have bet on Reds games, he could be suspended for life.

Much of the information contained in the report had been disclosed previously, sometimes in a general way and sometimes specifically. Now, however, was the involvement of Rose with two New York bookmakers, neither of whom is identified although one is called by the nickname "Val."

The unnamed New York bookie was introduced into evidence by Paul Janszen, who has said he placed bets for Rose.

One of the exhibits attached to the report is Janszen's betting notebook, which he said detailed Rose's bets on baseball and basketball during a 37-day period in April and May 1987.

The notebook reflects that at the end of the period, Rose had lost \$67,900 betting with Val and had paid him

\$57,000. At the same time, Rose apparently was betting with the other New York bookie, the report says.

Janszen, the report says, explained the reasoning behind using two bookies:

"Pete was also doubling up in betting with the guy in New York so he could play it basically the way you play it... if you are losing both ways at least you are not down \$200,000 with one guy. Within a three-month period of time, Pete Rose was in debt over \$400,000 to the bookie in New York via Mike Bertolini in baseball betting alone."

Bertolini, a Brooklyn resident, is a partner with Rose in two companies, Sports Images Inc. and Hit King Marketing Inc. The report says he refused to submit to an interview, and that Rose denied placing bets with Bertolini.

At one point, the report says, Rose owed Bertolini approximately \$70,000 for gambling debts paid by Bertolini. Janszen taped a conversation with Bertolini on April 4, 1988, in which they discussed the debt.

"The bookies in New York, how much did he...?" Janszen began to ask.

Bertolini: "Don't talk to me like that on the phone, I hate that."

Janszen: "All right, how much did he owe you, owe them?"

Bertolini: "All together between me and them about two, two and a quarter." [About \$250,000.]

But Rose was not keeping up with his debts, Bertolini said.

"They got him for enough... Know what I'm saying, man, they already raped the guy," Bertolini said.

When Janszen asked whether Rose's creditors were still demanding payment, Bertolini replied:

"What can they do to him, they can't do nothing, there's no proof... I'm the only one who can prove and man, I'm my best friend in the whole world... I'd die before I'd ever get him in trouble."

Later, Janszen advised Bertolini: "You should have done what I did. Whenever it got up to like 20-some I made him [Rose] write, you know, he might only come up with half of it but you know, it was out..."

Bertolini said that "he used to mail me 60,000 bucks every, I used to fly out there and get checks. I remember, he used to send it [expensive deleted] Ex-

'He used to send it [expensive deleted] Express Mail. I couldn't believe it... He used to send me like eight checks, 8,000 each made out to all different names...'

press Mail. I couldn't believe it. It was so funny, Pete sending me stuff. He used to send me like eight checks, 8,000 each made out to all different names..."

Janszen: "Ah, at least it was under 10."

Federal law requires banks to report any cash transaction of \$10,000 or more.

Janszen placed bets for Rose until the middle of May 1987, "when Val refused to take any more bets from Pete Rose because of Rose's unpaid debts," the report quotes Janszen as saying. It says Janszen testified that he then made arrangements with Ron Peters.

Peters, like Janszen a convicted felon, was an admitted bookmaker who, the report says, had stopped taking bets from Rose late in 1986 because he owed him \$34,000.

After Val had stopped taking Rose's bets, the report says, Rose told Janszen

to try to begin betting with him again.

Janszen called, but Val refused to "take the action." "If he had, Rose would have won on six of the seven baseball games he tried to bet on," Rose became furious when he learned he had not won "and told Janszen that he would have been 'up' had Val taken the action."

Rose, the report says, denied placing bets with Val. He also denied knowing anyone by the name of Val, and he denied placing bets with Steve Chevoshore, whom, the report says he met in Florida in the spring of 1987.

"When confronted," Dowd reported, "with the fact that telephone records show numerous telephone calls from his home and his hotel rooms in Chicago and Pittsburgh to Val in New York, Chevoshore in Tampa, Florida, and Ron Peters in Franklin, Ohio, Rose denied making any of the calls. Rose added that while they were in Chicago, the hotel was filled and Paul Janszen stayed in the 'suite part' of his room. Rose stated that, 'if there were telephone calls to Ron Peters, I'll guarantee you that Paul Janszen was in the room.'"

According to the report, Rose began betting with Peters in 1984 through Tommy Gioiosa, whom Peters said in a deposition, "was looking for a bookmaker to make bets for Pete Rose." Gioiosa, who lived in Rose's house for several years while working as his valet, is facing federal tax-evasion and conspiracy charges.

Gioiosa, the report says, told Peters in late 1986 that Rose could not pay Peters because he was paying a New York bookmaker. This statement, the report continues, "has been corroborated by 1) Bertolini, in his taped telephone conversation with Janszen and 2) personal checks and account statements of Pete Rose at Oak Hills Savings and Loan in Cincinnati."

These records reveal that Pete Rose wrote 11 checks to Gioiosa between Nov. 16, 1986, to Dec. 3, 1986. These checks were

sent to Michael Bertolini. Ten of the 11 checks were endorsed and deposited to the account of Rose Trading Corp., which is a check-cashing service and newstand in New York.

Rose, the report says, said the \$88,000 was to prepay athletes for memorabilia shows, and denied that Bertolini had ever placed bets for him. Rose also said that Bertolini had paid back the money in cash a little at a time.

During Rose's deposition, the report says, the entire tape of the Bertolini-Janszen conversation was played for him.

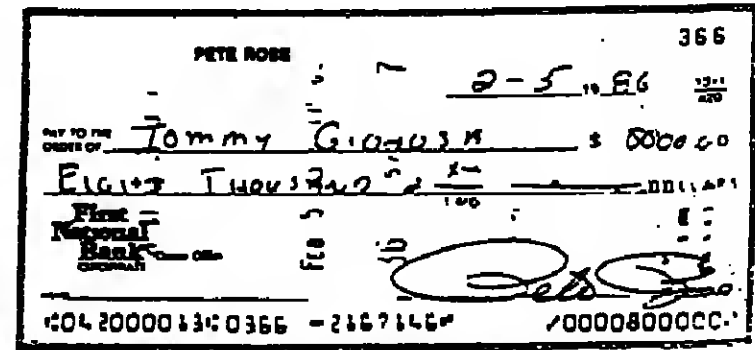
Rose listened carefully, the report says, and afterwards said that the tape "don't mean diddly-squat to me."

The report says that Rose at first testified that "Bertolini was making up things to say to Janszen," then later said that if Bertolini said that Rose owed him money, Bertolini would be "lying."

Rose, the report said, added adamantly: "I owe nobody nothing... I'm going to say this one more time. I don't owe anybody a dime. New York. New England. New Mexico. A dime. Nothing."

Since Val refused to take any more bets, the report says, "Rose asked Paul Janszen to contact Ron Peters to place his bets. Peters informed Janszen that he was willing to take Rose's action, but that Rose still owed him \$34,000 from Rose's 1986 betting. Janszen relayed Peters' message to Rose. Rose explained to Janszen that during spring training 1987, he had authorized his attorney, Reuben Katz, to issue a check from his account in the amount of \$34,000 to Tommy Gioiosa to pay off the debt to Peters. Accordingly, Janszen told Peters that if he had not been paid, it was only because Gioiosa had not given the \$34,000 from Rose's check to him. Therefore, to demonstrate Rose's good faith in paying his debt to Peters from the 1986 betting, Janszen obtained a copy of the \$34,000 check in May 1987 from Pete Rose and gave it to Peters."

Asked how Peters got a copy of the



A copy of one of the checks Rose allegedly wrote to cover gambling debts.

check in May 1987, Rose replied, "I couldn't tell you."

Dowd: "Did you give it to them?"

Rose: "No, I didn't give them the check..."

Rose's testimony that the \$34,000 check of March 12, 1987, was to cover gambling losses on the 1987 Super Bowl and the 1987 NCAA basketball tournament appears to be in conflict, the report says, with his other testimony that the most he ever bet was \$2,000 on the Super Bowl and the fact that the 1987 NCAA tournament did not begin until March 12, 1987, the date of the check.

The report says Peters testified that, after seeing a copy of the \$34,000 check, he was satisfied that Rose had attempted to pay off the debt and that on May 17, 1987, Rose began betting with Peters again. Peters testified that during the period from May to July 4, 1987, Janszen was betting \$2,000 to \$5,000 for Rose per game on baseball, including the Reds.

Peters testified that he would not have accepted bets if they were Janszen's, and not Rose's, due to Janszen's lack of financial ability.

Peters said that others usually called on behalf of Rose, but "I had occasion to speak with Mr. Rose approximately four to six times concerning betting major league baseball."

Peters told of one time when Rose, Gioiosa and Michael Fry, owner of Gold's Gym, where Rose worked out,

came to his restaurant in Franklin in collect \$36,000 or \$37,000 in winnings.

"I gave the money in Tommy Gioiosa," Peters testified. "He stuck it in his sock."

During 1984, '85 and '86, Peters told Dowd, Rose bet every Sunday during the football season and three or four nights a week on college basketball and baseball.

Peters said he had assigned Rose the code number 14, his uniform number, but when he called he always said, "This is Pete."

Peters once taped a telephone conversation with Rose, the report says, "then played the tape back to Pete Rose. Rose became upset and asked him why he had taped him. Peters explained to him that he wanted an insurance policy to make sure Rose would pay his gambling losses. The tape, however, cannot be located."

In a section entitled "Summary of the Evidence," Dowd wrote that "Rose denied under oath placing bets or causing others to place bets on the Cincinnati Reds and other ballgames of major league baseball. Indeed, Rose denied under oath ever associating with anyone placing bets on his behalf on the Cincinnati Reds or the games of major league baseball. He admitted placing bets with Tommy Gioiosa on other sports activity, but denied knowing the Ohio bookmaker or other bookmakers in New York. He denied being delinquent in paying his gambling losses or having borrowed from his associates and friends in pay his gambling losses."

McEnroe's 'Pride' and Joy: A Rally From 2 Sets Down



McEnroe bounced his racket, then rebounded from a two-set deficit.

The Associated Press

WIMBLEDON, England — John McEnroe staged the comeback of his life to beat Darren Cahill Monday and narrowly avoid first-round elimination at Wimbledon in a five-set match on Center Court as changeable as the stormy weather.

McEnroe fell behind as his serve faltered, with 12 double faults through the third game of the third

WIMBLEDON TENNIS

set. Suddenly, the fifth-seeded American starting serving brilliantly and rode it to a 4-6, 4-6, 6-2, 6-3, 8-6 victory.

He capped the victory with two aces and raised both arms in triumph to a standing ovation at the end of the 3½-hour match.

It was the first time McEnroe, a three-time Wimbledon champion, ever had come back from two sets down to win.

"I expected a tough match. I didn't expect something like this, down two sets to love," he said. "It's a positive just to be able to sit and dwell on this for a day. But I'm proud of this, coming back from two sets down to win."

It was by far the most dramatic victory on a day when favorites led from Wimbledon's grass courts.

Steffi Graf quickly returned to winning ways as she opened defense of her women's singles title.

The 20-year-old West German, playing her first tournament match since losing the French Open title to Arantxa Sanchez, 17 days ago, beat Julie Salomon of Britain Center Court (see Scoreboard).



Spectators rushed for cover as rain delayed the start of play, then disrupted later matches.

Next door, on Court 1, eight-time women's champion Martina Navratilova had only a slightly more-difficult time, beating Jill Hetherington of Canada.

Gabriela Sabatini, the third seed from Argentina, and Chris Evert, the fourth seed, won their matches easily.

But it was McEnroe's day, a day in which rain alternated with sunshine.

He started off looking tight and Cahill, the top-ranked unseeded men's player in the tournament, took advantage of it. He rushed the net, passed McEnroe and took advantage of the American's poor serving, clocking winners off second serves.

"I felt mentally and physically paralyzed," McEnroe said.

Cahill broke McEnroe in the first games of the first two sets and got a crucial break for a 5-4 lead in the second with a reflex volley, then served out for a 2-0 lead.

McEnroe's chance of getting into the second round, let alone winning

a fourth title, looked close to death. Then he rallied.

He swept to a 3-0 lead in the third set and didn't allow a break point throughout. He was serving better and returning serve better, too.

The same happened in the fourth set. McEnroe broke for 4-2 with a lob, then showed the temper that earned him the nickname "McBurr" early in this decade.

He netted an easy volley and, when a fly yelled, "Go, Darren!" glared at the stands and screamed, "Shut up, meathead!" Then he served out the set to tie the match.

McEnroe missed an opportunity to break in the fifth game of the final set, going to triple-break point. But Cahill saved two on a service winner and an ace, then the third with a backhand crosscourt volley.

The Australian then held serve with two straight service winners.

They remained on serve through the 12th game, with McEnroe picking up his 15th double fault while holding for 4-4. He held again for

5-5 with two second-serve aces, one that looked like a curveball as it caught the center line.

Cahill held at love for 6-5, but McEnroe tied at 6-6, arguing slightly on one close call at 40-15.

Center Court was getting dark as McEnroe moved to break point in the 13th game and broke for 7-6 on two straight backhand backhand passing shots. It was the first break point since McEnroe went up 4-2 in the fourth, and it brought a "Yeah!" and a pump of the fist from the American.

The crowd was cheering as the players came back from the changeover. Cahill took the first point as McEnroe floated a backhand lob. But McEnroe tied at 15-15 with the help of a hooking second serve, went up, 30-15, on a service return wide before serving his 16th double fault for 30-30.

Then came an ace for match point, and McEnroe won it with another ace, his 11th of the match. He raised his arms in triumph.

Blue-Collar 'Cincy': Pete's Kind of Town

By Bob Spector

Los Angeles Times Service

CINCINNATI — Outside Jim and Jack's Riverside tavern, just down the hill from Pete Rose Field, the stadium where many a dream-filled West Side kid has stretched single to a double, then belly-flopped into third on a steal, hangs a banner that says what's on so many minds here this summer:

"Home of Pete Rose and proud of it."

"We had the sign made when all this started and it's going to stick there no matter what happens," said Jack Houston, the Jack in Jim and Jack's. "He's from this neighborhood. He was brought up around here. People are concerned, but they're sticking by Pete."

In Cincinnati, especially the gritty, blue-collar West Side of "Cincy" where he grew up, it's always been Pete. Not Rose or Pete Rose or Peter Edward Rose or even Charlie Hustle, the nickname he earned while gunning his way into the baseball record books with aggressive play and the most hits in major league history.

There have been other stars and other heroes here, but none quite so hard-driving, so dedicated to his craft, so down-to-earth, old-fashioned-working-class-Cincinnati as Rose. For more than a quarter of a century, ever since he broke in with the hometown Reds and won rookie of the year honors back in 1963, this snug and chummy Ohio River metropolis has had a love affair with Rose. It has winked at his personal foibles, which have been considerable, and venerated his athletic feats, which have been nothing short of stupendous.

But never has that loyalty been tested as it has in recent months. For Rose, now 48 years old and the Reds' manager, stands accused of committing the cardinal sins of the game that to many are epitomized: betting on baseball and, even worse, betting on his own team.

The allegations have smacked into this baseball-mad community with the force of a bean ball. Rose is not just a sports legend here. To many, he has become the community's most sacred institution, a role model for athletes and a shining example of how determination can transform someone with only modest physical attributes into a superstar.

"Pete Rose and Cincinnati, he's like a king, he's an idol, a hero," said Fritz Wheeler, 32, a truck driver who grew up in the same Riverdale neighborhood as Rose. "When you were a kid you tried to play the game like Pete Rose. Everybody tried to hustle like Pete Rose."

Bold Face Park where Rose as a child played Knot Hole ball, the local version of Little League, has been renamed for him.

When Rose bolted to the Philadelphia Phillies in 1979 after the Reds failed to offer him a serious contract, fans mounted citywide petition drives to get him back.

Four years ago, after he returned to the Reds and got his record-setting 4,192 hit, a jubilant city council scrapped its long-standing rule that roads and monuments could only be named after dead people and turned Second Street into Pete Rose Way.

That Rose could attain such civic stature says much about the importance of baseball to the image of Cincinnati, one of the smallest (population 370,000) and less cosmopolitan of major league cities. Cooperstown, New York, may claim to be the birthplace of the national pastime, but it is Cincinnati where the Reds became the nation's first professional team back in 1869.

From the beginning, it was a game centered on the working-class West Side, a shot-and-a-brier kind of place where generations of stern

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE

Team	W	L	Pct.	GB
Baltimore	41	31	.569	0
New York	34	37	.479	2 1/2
Toronto	34	37	.479	2 1/2
Boston	34	37	.479	2 1/2
Cleveland	34	37	.479	2 1/2
Milwaukee	34	37	.479	2 1/2
Chicago	34	37	.479	2 1/2

NATIONAL LEAGUE

Team	W	L	Pct.	GB
Los Angeles	41	31	.569	0
San Francisco	41	31	.569	0
San Diego	41	31	.569	0
Atlanta	41	31	.569	0
Philadelphia	41	31	.569	0
Pittsburgh	41	31	.569	0
St. Louis	41	31	.569	0

Monday's Line Scores

Team	W	L	Pct.	GB
Los Angeles	41	31	.569	0
San Francisco	41	31	.569	0
San Diego	41	31	.569	0
Atlanta	41	31	.569	0
Philadelphia	41	31	.569	0
Pittsburgh	41	31	.569	0
St. Louis	41	31	.569	0

TENNIS

Wimbledon

Team	W	L	Pct.	GB
Los Angeles	41	31	.569	0
San Francisco	41	31	.569	0
San Diego	41	31	.569	0
Atlanta	41	31	.569	0
Philadelphia	41	31	.569	0
Pittsburgh	41	31	.569	0
St. Louis	41	31	.569	0

FIRST ROUND

Team	W	L	Pct.	GB
Los Angeles	41	31	.569	0
San Francisco	41	31	.569	0
San Diego	41	31	.569	0
Atlanta	41	31	.569	0
Philadelphia	41	31	.569	0
Pittsburgh	41	31	.569	0
St. Louis	41	31	.569	0

TRANSITION

BASEBALL

Team	W	L	Pct.	GB
Los Angeles	41	31	.569	0
San Francisco	41	31	.569	0
San Diego	41	31	.569	0
Atlanta	41	31	.569	0
Philadelphia	41	31	.569	0
Pittsburgh	41	31	.569	0
St. Louis	41	31	.569	0

PHILADELPHIA

Team	W	L	Pct.	GB
Los Angeles	41	31	.569	0
San Francisco	41	31	.569	0
San Diego	41	31	.569	0
Atlanta	41	31	.569	0
Philadelphia	41	31	.569	0
Pittsburgh	41	31	.569	0
St. Louis	41	31	.569	0

BOSTON

Team	W	L	Pct.	GB
Los Angeles	41	31	.569	0
San Francisco	41	31	.569	0
San Diego	41	31	.569	0
Atlanta	41	31	.569	0
Philadelphia	41	31	.569	0
Pittsburgh	41	31	.569	0
St. Louis	41	31	.569	0

CLEVELAND

5. L—G. Maddux, 4-7.	298 198 808—3 12 0
Los Angeles	880 882 280—3 18 0
Cincinnati	

OBSERVER

Betting for Pete Rose

By Russell Baker
NEW YORK — Baseball's rules against gambling seem quaint in a country where government muscle has taken over the gambling rackets from the Mafia.

Pete Rose, the Cincinnati nongambling baseball player, is now threatened with ruin because of these rules, has out so far indicated all society for hypocrisy in this business, preferring to place his destiny in the briefcase of lawyers, a breed not given to passionate articulations about the moral decline of great nations.

Being lawyers, they are reducing this great issue to a quarrel about the distinction between a title and a job. What a pity. It would be lovely to see Rose rise up with the fury of a Zola and deliver a Cincinnati "J'accuse" against a terrible conspiracy to corrupt the people of the great republic.

Yes, he might concede, involvement with gamblers was certainly a despicable offense in 1919, the year that began baseball's hatred of gambling. Gambling was then a criminal industry operated by bad people. For ballplayers to put themselves at the mercy of these gamblers, as the Chicago White Sox did during the 1919 World Series, was unforgivable and criminal.

That their employer was famous for cheapness and treated his players like sweatshop labor in no way diminished their offense.

American views of morality have changed mightily since then, however, and particularly the view of gambling. Gambling, a viceless racketeer in 1919, is now as American as a Treasury deficit.

Many states, seeing it as a way to fill their treasury vaults, have taken over the old numbers racket from the Mafia and operate highly publicized lotteries. These schemes bill the suckers — or the citizens, as government Niles prefer to call them — with teasing promises of multimillion-dollar prizes.

Tobacco companies cannot advertise cigarettes because forces of uplift have determined, probably rightly, that cigarettes are bad for you and that the power of television should not be exerted against youthful or dumb or innocent people to addict them to the weed.

Nobody seems to mind, though, that governments use television to hook them on gambling.

Government's love affair with gambling is not limited to passionate promotion of the numbers racket. In New York, with its OTB horse-betting parlors, we have the state taking over the horse-betting racket from your old neighborhood bookie and his Mafia backers.

So New York kids also grow up marinated in OTB commercials which spread the gospel that playing the ponies is a good, healthy and possibly enriching thing to do.

How about those commercials for the casinos down in Atlantic City? Here we have one of the East Coast's most highfalutin, Republican, sober-side states, New Jersey, endorsing casino gambling as good public policy.

Shall we move on to Las Vegas, Reno, the entire state of Nevada, a state where gambling is not just a delightful source of revenue but also an honored, traditional way of life?

Since 1919 there has been a complete reversal of the national attitude toward gambling. Once immoral, sinful, criminal, it now enjoys moral sanctity bestowed by its power to raise government revenues.

There is big money in gambling. Why should government let crooks collect it when government can grab the lion's share by declaring old-fashioned rackets to be newfangled, perfectly legal, revenue-enhancing, public-policy programs?

Since about the time baseball began abandoning its traditional towns and moving around the country in search of bigger and bigger bucks, it has become increasingly evident that in the United States nothing is more important than money. Nothing.

Government people always knew the gambling passion could be a sweet source of revenue, but until after World War II some moral decay in the electorate restrained the politicians' urge to legalize it.

Once we all concerned that there was nothing more important than money, absolutely nothing, our leaders helped us put 1919 with its murky old moral considerations out of mind.

The decay is now so advanced that governments are trying to make gambling addicts of us all. Yet baseball's moralists profess shock about Pete Rose. What hypocrisy. What rot.

New York Times Service

By Molly Sinclair
Washington Post Service

China: Sad Days for a Survivor

WASHINGTON — When Chinese-born Nien Cheng settled in Washington in 1983, she was determined to become an American.

She finished her book about how she survived nearly seven years in a Shanghai prison during the Cultural Revolution and the death of her only child. She took the oath to become a U.S. citizen. And then last year, casting her first vote in a free election, she finally felt transformed.

"I thought, this is it — I am American."

Now she knows better. Watching the television coverage of the crackdown in China and the killings in and around Tiananmen Square, Cheng broke down and cried. "I realized that no matter how American I am, deep down I was still a Chinese."

At 74, Cheng is trying to come to terms with the latest upheaval in the country where she was born and reared and nearly died while held in solitary confinement.

Cheng still has scars on her wrists from the handcuffs she was forced to wear in prison. She is haunted by memories of her daughter, a young actress killed in 1967 by the Red Guards. Yet she can't quite believe that the Chinese leaders ordered their army to shoot unarmed civilians and execute participants in the pro-democracy movement.

"I feel terribly ashamed for this situation," Cheng said. "I feel old and I have gone mad. It is so unnecessary to be so vicious."

Soldiers began to clear Tiananmen Square on June 3, and in the process, Cheng said, they killed some of the best and brightest of China's young people.

China has about 1.1 billion people, Cheng noted, but only about 2 million university students.

Sitting in her ninth-floor apartment, a world away from the violence in China, Cheng shook her head in despair. A table nearby held a photograph of her daughter, Mingping, a smiling symbol of the happier life that the family once led.

Born in Beijing on Jan. 28, 1915, Nien Cheng attended boarding school and college in China. In 1935 she went to England to study at the London School of Economics and met another Chinese student, Kang-chi Cheng. They were married in 1938 and had one child.

After the Communists took over China in 1949, Kang-chi Cheng went to work as general manager for Shell Oil Co. in Shanghai. He died of cancer in 1957, and she married Nien Cheng as a special adviser.

She was arrested in 1966 and held in prison until 1973. Upon her release, she learned that her daughter had died six years earlier.

Cheng left China in 1980 and traveled to Ottawa, where she began writing a book about her experiences. She finished the book after moving to Washington.

"Life and Death in Shanghai," published in 1986, tells in gritty detail how Cheng coped with the torture, the interrogations and the humiliation of her imprisonment during the Cultural Revolution.

Now Cheng lives quietly in a condominium building surrounded by tall trees and well-kept grounds. Each morning she goes outside into the garden to exercise for an hour before settling down to work in her home office.

She attends the nearby Metropolitan Memorial United Methodist Church and recently gave a talk there on China. About 100 people turned out to hear her speak before the regular Sunday morning church service.

She is writing a biography of her daughter and contemplating the brevity of the Beijing pro-democracy movement.

"I must confess that, at the time the demonstrations began, I was very elated. I thought, 'Here we go. It is really a people's revolution.'"

Cheng contributed money to an organization supporting the student activities in China and telephoned relatives in China to ask how they were doing. They said they were fine and hung up quickly.

She devoured every bit of news she could get about the China story. She sat in front of the television for hours. She read all the newspapers. She arranged with a relative in Hong Kong to send her clippings from the newspapers there.

And she stayed in close communication with Washington area Chinese students, exchanging information with them.

Cheng believes that the students in Tiananmen Square were emboldened by the worldwide support they received. Too late, she said, the students saw that outside support wouldn't protect them from their leaders.

Fear of retaliation now has spread far beyond China, Cheng said.

"The students here who participated in the demonstrations in front of the Chinese Embassy worry about being identified," she said. "They worry about the embassy people taking pictures of them from the windows. They worry that among the students there may be government spies."



U.S. citizen Cheng: "Deep down I was still a Chinese."

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PEOPLE

Reagan Back on the Air

He says he'll do an inning of play-by-play and color at the All-Star baseball game, but once Ronald Reagan gets behind the microphone again, it's doubtful that he will settle for just one inning.

The former president, once a neighbor in Pacific Palisades, California, of NBC television's play-by-play baseball announcer Vin Scully, says he will join Scully and Tom Seaver in calling an inning at the July 11 All-Star Game in Anaheim Stadium.

Reagan started his career as a radio announcer shortly after graduating from college in 1932. His first radio job was in Davenport, Iowa, broadcasting University of Iowa football games. Then he began broadcasting "re-creations" of Chicago Cubs games on WHO Des Moines, where he worked for five years. "Re-creation" means sitting in a studio reading telegraph descriptions of game action.

The controversial exhibition of the photography of the late Robert Mapplethorpe, canceled by the Corcoran Gallery of Art in Washington, is to be shown at the Washington Project for the Arts July 21 through Aug. 13. Corcoran officials said they pulled the exhibition, which includes a number of sado-masochistic and sexual images, to avoid exacerbating a congressional battle over National Endowment for the Arts funding. But the WPA director, Jack Reynolds, said he was not worried about ramifications from showing "Robert Mapplethorpe: The Perfect Moment."

"I'm very confident that when people see the show itself a lot of these issues are going to die down," Reynolds said.

Chuck Berry, Stan Musial and T.S. Eliot were among the 10 personalities who now have in common being honored with bronze stars along the St. Louis Walk of Fame. "I am really flattered, as well as honored, and very proud to have this sort of compliment paid to me," the 62-year-old rock 'n' roll star said during the ceremony outside the Blueberry Hill tavern in suburban St. Louis. The tavern owner, Joe Edwards, had the idea for the sidewalk tribute to honor the contributions of prominent figures in the city's history. Others were the dancer Katherine Dunham, the architect and engineer James B. Eads, the pianist-composer Scott Joplin, Charles A. Lindbergh, the actor Vincent Price, the playwright Tennessee Williams, and Joseph P. Kamp, founder of the St. Louis Post-Dispatch.

"Miami Vice" star Don Johnson and his former wife, the actress Melanie Griffith, were remarried at their ranch at Aspen, Colorado, to the strains of a string quartet, and the roar of news helicopters, Johnson, 39, wore a white tuxedo and Griffith, 31, a white lace wedding gown with a train. Johnson has eight deputies from the Pitkin County Sheriff's Department as security for the ceremony, but could not stop news helicopters from buzzing the home. Johnson and Griffith were married in 1976 and divorced less than two years later. She also is divorced from the actor Steven Bauer.

Barbara Bush sprang to the defense of her sprightly spaniel Millie, branded as "ugly" by a Washington magazine. "Millie has been slow about writing her book, but this is going to bring her to action," Mrs. Bush told reporters outside the White House after returning with the president from a parade at the Marine Barracks. What irritated her was an item in Washingtonian magazine, in its annual best-and-worst rankings of capital doings, that accorded Millie the dubious honor of "best" ugly dog. The magazine said the dog had not bitten the president yet, "but let's face it: This is a very homely springer spaniel."

"Metamorphosis," starring Mikhail Baryshnikov, will cut short its Broadway run by two weeks. The stage adaptation of Frank Kafka's story was to have closed July 15. When it closed Saturday, it will have played 97 performances and five previews, a spokesman for the show said. The play opened, as mixed reviews in March and then went on a break in May while Baryshnikov returned to the American Ballet Theatre. Baryshnikov, who was nominated for a Tony Award for his portrayal of a clerk who turns into a giant insect, announced last week that he will leave his position as artistic director at the American Ballet Theatre at the end of its 1990 season.

James B. Eads, the pianist-composer Scott Joplin, Charles A. Lindbergh, the actor Vincent Price, the playwright Tennessee Williams, and Joseph P. Kamp, founder of the St. Louis Post-Dispatch.

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